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HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ON THE PROVISIONS

TARIFF ACT OF 1921

(H. R. 7456)

IN EIGHT VOLUMES

VOLUME V

Schedule 9—COTTON MANUFACTURES
Schedule 10—FLAX, HEMP, AND JUTE, AND MANUFACTURES OF
Schedule 11—WOOL AND MANUFACTURES OF
Schedule 12—SILK AND SILK GOODS
Schedule 13—PAPERS AND BOOKS
Schedule 14—SUNDRIES

Revised and Indexed

WASHINGTON
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Sixty-seventh Congress, Second Session - - Senate Document No. 10

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PREFACE.

Tariff hearings were begun on July 25, 1921, pursuant to the following notice:

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
July 22, 1921.

The Committee on Finance will hold public hearings relative to the tariff at Washington, D. C., beginning Monday, July 25, 1921.

It is the purpose of the committee to hear first the proponents and opponents of the American valuation plan.

The committee expects first to hear members of the Tariff Commission and certain special agents of the New York customs office with respect to this plan upon Monday and Tuesday next.

The committee expects to close the hearings upon the American valuation plan by Thursday next and then to take up the several schedules in order.

Notices will be sent to all applicants for hearings as early as possible, advising them when they can be heard.

In order to avoid duplication of arguments and suggestions it is requested that persons desiring to present the same character of information relative to any tariff item agree upon one representative to present their views.

The hearings will be conducted in room 312 of the Senate Office Building. Sessions will be held each day from 10.30 a. m. to 12 noon and from 2.30 p. m. to 5 p. m.

It is desired that witnesses endeavor to prepare their statements in such form that their presentation will not require more than 30 minutes.

Persons wishing to be heard should, if possible, apply to the clerk of the committee, prior to the date set for the hearings, for an assignment of time. In making such application the following information should be given: Name, business address, temporary address in Washington, business or occupation, the person, firm, corporation, or association represented, and the item and paragraph of the tariff bill (H. R. 7456) concerning which testimony will be given.

All briefs and other papers filed with the committee should have indorsed on them the item and paragraph of the tariff bill (H. R. 7456) to which they relate, and the name and address of the person submitting them, his business or occupation, the name of the person, firm, corporation, or association whom he represents.

BOIES PENROSE, *Chairman.*

The hearings were continued to and including August 31, 1921. Because of the unsettled and continually changing world conditions and the great length of time required to complete the tariff bill, it was decided to put the internal-revenue legislation ahead of the tariff bill. The tariff hearings were, therefore, postponed, and resumed November 3, 1921, and completed January 9, 1922.

The stenographic minutes of each day's proceedings were first printed in preliminary form in 58 parts. Copies were sent to each witness with the request that he make necessary corrections for clearness in his statement and return the revised copy to the clerk. Such corrections have been observed in preparing the revised edition of the hearings. In this edition the chronological order of the statements has been disregarded (except that of American Valuation and Dyes Embargo, Vol. I) and the oral testimony and the papers filed on each subject have been grouped and arranged, as nearly as practicable, according to the paragraphs of the tariff bill as it passed the House.

The revised hearings were first indexed and printed in separate volumes, each containing only the testimony relative to a particular schedule. Three additional volumes were also printed, one containing the testimony relative to the American valuation plan, one the testimony relative to the dyes embargo, and the other that relative to the special and administrative provisions of the tariff bill and testimony relative to certain paragraphs that was taken too late for incorporation in the proper volume.

The hearings are here consolidated in 8 volumes (each indexed by name and subject), including a general index, arranged as follows:

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SCHEDULE 9.

COTTON MANUFACTURES.

COTTON AND OTHER TEXTILES.

STATEMENT OF JOHN F. CONWAY, REPRESENTING E. F. DREW & CO. (INC.), NEW YORK, N. Y.

Mr. CONWAY. We are importers and exporters of cotton yarns and textiles. We also run two domestic winding plants, one located at Jewett City, Conn., and the other at Pawtucket, R. I.

The CHAIRMAN. Do you appear as an importer or manufacturer?

Mr. CONWAY. I appear as both.

The CHAIRMAN. Have you any industry established in Germany or in Europe?

Mr. CONWAY. No, sir.

The CHAIRMAN. You may proceed now to state to the committee your views.

Mr. CONWAY. I appear in opposition to any advance in the rates on cotton yarns over the existing rates as named in the Underwood bill. I have prepared a brief and also some statistics, which I will be pleased to hand to the committee, and if the different members of the committee would like one, I will have enough printed to go around. I have only one extra copy.

The CHAIRMAN. You can have that sent to each member of the committee or leave it with the secretary.

Mr. CONWAY. I will do so.

I appreciate that the committee has a difficult task in getting any schedule which will please all parties concerned and at the same time render a fair amount of protection to the American manufacturers. There are two things to be taken into consideration—the amount of revenue and the amount of protection.

It is well to consider, first, the difference between the pricing of American goods and foreign goods. The foreign manufacturer makes his price based upon the cost of his material at the mill. For example, if you buy a No. 100 yarn from a Manchester spinner or English spinner you buy that yarn at his mill. That does not include the cost of cases, packing, or anything else. Those cases and packing and other material amount to about 2 to 3 cents a pound. At the present time they are paying something like $6 or $7 a case on the other side for cases which contain our merchandise. On the other hand, the American manufacturer either sells his goods direct or through his own agency or through some commission house, for which he pays a commission of 5 per cent. With that he gives a trade discount, either 2 or 3 per cent, payable on the 10th of the

month following delivery. He also allows freight to the consuming mill—either pays it or makes an allowance.

Senator McCumber. Just a moment. If I understood you rightly, you stated that our tariffs were levied upon just what it cost the mill to produce the yarn.

Mr. Conway. I did not quite catch that.

Senator McCumber. You stated that our tariffs were levied upon just what it cost the foreign manufacturer to produce the yarn. Did you take into consideration what it cost for packing, etc.?

Mr. Conway. No; I said the foreign manufacturer based his price or sold on what it cost at his mill. He adds his manufacturing profits, of course.

Senator McCumber. But he has got to pack it?

Mr. Conway. He does not allow you for that. We pay for packing cases and lining for the cases.

Senator McCumber. Yes; but the tariffs we levy include all that packing?

Mr. Conway. We pay a duty on the packing, yes; that is the reason I bring that point out.

Senator Smoot. I suppose that your remarks now will also apply to cotton, hemp, and to wool?

Mr. Conway. Exactly.

Senator Smoot. So that whatever you say now in relation to cotton you want it to apply to yarns of hemp and wool?

Mr. Conway. And also to silk, artificial silk.

Senator Smoot. Certainly; to artificial silk.

Mr. Conway. These allowances which the American manufacturer makes will approximately equal 9 or 10 per cent. So that basing any duties on domestics or American prices in comparison with the prices for that abroad you must make an allowance of about 10 per cent.

On the coarse numbers there is no duty needed. In fact, as you know, we have been very large exporters of cotton yarn to all parts of the world for years, not only cotton yarn but heavy sheetings. The number of New England mills and their makes of sheetings are known in all parts of the world; in fact, we get inquiries for them through our foreign connections, and they specify they must be equal to certain American brands.

Another thing. When it comes to importing yarns there are precious few yarns which are able to be brought in under 80 until the American manufacture fills up. We export 40s and below, and we have exported up to 70s. We have never exported any 80s, because we could not do that on account of the freight.

Senator McCumber. You stated that "we export to all countries of the world." Do you export those to the United Kingdom?

Mr. Conway. I have exported No. 12 yarn to Manchester, England.

Senator McCumber. When?

Mr. Conway. In 1919 and 1920. We could do it to-day if the freight rates were not against us.

Senator McLean. Do you export to Germany?

Mr. Conway. We exported to Germany in 1914, prior to going to war.

Senator McLean. But do you now?

Mr. Conway. No; we can not export there now on account of the exchange.

Senator McLEAN. That is one of the "countries of the world."

Mr. CONWAY. Well, we do not export there. Our foreign office has exported there during the past year and a half. But we do not do it directly from here.

Senator SMOOT. You do not mean to say you could not export 80s on account of freight. The freight on 80s is no more than it is on 40s. You mean to say that you can not export it because of the fact that the finer the yarn the higher the cost, and there is the difference in the foreign country?

Mr. CONWAY. That is true; as you go up you get the competition on low prices, but the matter of freight to-day is a very considerable item. It amounts to 6 cents a pound.

Senator SMOOT. That applies to 16s or 40s or any other number?

Mr. CONWAY. Exactly. Therefore, when you come to consider a tariff, the duty is not needed on those coarse numbers.

Another matter to be taken into consideration is the difference in the qualities of the yarn made; for instance, you might take a No. 10 or 20 or 30 yarn and make it out of different staple cotton. The foreign manufacturers are able to spin up to 40s of shorter staple, which no American manufacturer would attempt.

They also make carded yarns as fine as No. 120. There are a few domestic manufacturers who make No. 60s in carded. There are very few that care to make No. 60s in carded. I do not think there are any who have ever attempted to make over No. 60 in carded. Now, on the other hand, the English manufacturers run as high as No. 120 in carded.

There are the different considerations—labor, construction, machinery, interest, taxes, and efficiency.

Prior to the war the cost of labor in the cotton industry here and abroad were not very much apart, about 10 or 12 per cent, according to the locality, whether northern or southern. The foreign manufacturer had an advantage in construction; they also had an advantage in their textile machinery. It cost less to construct the foreign mill than it did the domestic mill. That might be helped by reducing the duty on textile machinery; for instance, you can buy a patented machine which is made in England and patented here and manufactured in this country, the same machine, at practically the same price, imported into the United States, with the duty added, as you can buy it from the domestic firm.

As to the matter of interest they formerly had an advantage over us, because we paid on the average 6 per cent for money here while they got it at 3 or 4 per cent. That is a thing that is past. The interest charges now and in the future will probably be less in this country, at least not more than abroad.

In regard to taxes I think that they have a little more burden in that regard over there than we have.

In efficiency I think they have the advantage, because their labor has been trained for generations. Our labor here is a little more transient. Also they excel in efficiency in management.

Coming down to the colored yarns: You have heard a good deal about the dyestuffs, etc. I will say briefly that we have never been able to import colored yarns except in very special instances. We find the price of the dyeing, bleaching, and especially of these very fine

indanthrenes are higher in England than we can get them done in this country.

There are two methods advanced in this tariff for valuation—that is, the ad valorem and the specific. We believe a specific duty is the proper duty. An ad valorem leaves very much to be furnished by the customhouse and ourselves.

The CHAIRMAN. Mr. Conway, the committee is well posted on that phase of it; that is, on the ad valorem and specific duties.

Mr. CONWAY. I want to give them my reasons why——

The CHAIRMAN. They are fully impressed with the desirability of the specific wherever it can be applied.

Mr. CONWAY. But this bill calls not only for specific but also the alternative of ad valorem rates.

If our goods are imported on a specific duty, we know when they reach the customhouse what we have got to pay. Our past experience has shown us that we have had to pay the duties based on the market price abroad on the date we imported those goods; for instance, in 1919 we bought No. 100 yarn at 6 shillings, on a basis of a shilling, then a trifle under 24 cents. Those goods were sold immediately on that basis to the American manufacturers. When we came to get those goods in we had to wait on account of the cotton strike and the dock strike. We were penalized at the customhouse, our yarn valued at 18 shillings, and there was no way in which we could recoup that loss. We, therefore, feel that a specific duty without any alternative of an ad valorem is the proper one and fair to the importer.

Another reason is this: There is not very much variation in the cost of manufacturing goods in this country. The large variations in the price of cotton yarns has been due to the advance in cotton, whether justified or speculative. For instance, in 1919 and 1920 long-staple cotton went from somewhere around 35 or 40 cents a pound to $1.25. Therefore, when we paid our duties on the ad valorem values we were paying duty on the speculative price of cotton, or at least the speculative advance in the price of cotton.

Now, you have heard a great deal about the German competition and the mark being worth one-third of a cent. We deal in a great many articles besides cotton and other yarns which are not in my immediate department, but I have knowledge personally of what is going on. Our quotations for months have been in dollars and cents, and in any country where we have dealt where the mark or the franc or the shilling has depreciated in value those quotations have been advanced with each change, so that the price in dollars and cents has remained practically the same.

In view of the fact that the coarse numbers need no protection, we have recommended——

Senator SMOOT (interposing). That recommendation will be in your brief, will it?

Mr. CONWAY. Yes, sir. Our request is that the amount of duty assessed on 40 yarn be 3 cents a pound for carded, with an additional duty of one-fifth of 1 per cent upward; on combed yarn, 4 cents a pound for No. 40, with a difference of one-fourth cent per number advance.

Senator SMOOT. For each number advance?

Mr. CONWAY. For each number advance. On numbers below 40 we do not feel that there is any need of any duty; but if the committee, in their judgment, feel that there is to be a duty we should suggest 40 to 30, one-eighth cent; 30 to 20, one-tenth cent; 20 to 4, one-sixteenth cent; below 4, free.

Senator LA FOLLETTE. What is the reason for the higher duty which you recommend for the numbers which you cited just before this last number?

Mr. CONWAY. We recommend one-fifth of 1 cent a pound higher on the carded and one-fourth cent per number additional, because it is combed and because it can stand it.

Senator LA FOLLETTE. Will you state whether that duty will fully cover the difference in the conversion cost between this country and competing country?

Mr. CONWAY. Yes, sir; that will cover the difference in cost. In fact, I will give you some figures later to show you that the costs abroad to-day on those coarse numbers are higher than they are in America.

Under date of November 13 there were quoted in one of the English trade papers 40/2 ply American—that is, yarn made of American stock—at 2s. 9d., approximately 56 cents translated into American money. The same number of yarn made of a good staple southern manufacture could be purchased and is quoted in the papers here to-day at 52 cents a pound.

Senator LA FOLLETTE. Have you covered the entire subject thoroughly in your brief?

Mr. CONWAY. I have.

Senator LA FOLLETTE. Will you have your brief printed in full in the record?

Mr. CONWAY. Yes; I will have it printed in full, and I will leave each member of the committee a copy.

Under date of November 13 our ordinary carded Egyptian yarn was quoted at 4s. 6½d.

Senator SMOOT. What ply?

Mr. CONWAY. 40/2 ply, and translated into American money means 90 cents a pound. That is higher than the combed yarn is quoted to-day.

Senator LA FOLLETTE. In your brief have you given the American quotation and the foreign quotations so that they can be compared right together?

Mr. CONWAY. I do; yes. During the past six or eight months we have had an emergency tariff. That emergency tariff did not cover any of the coarse numbers, and I think the records of the customs-house will bear me out in stating that none of those numbers have been brought in, or if any have been brought in there has been a very inconsequential quantity.

Senator SMOOT. But those coarse numbers had the Underwood rate?

Mr. CONWAY. Yes; they had the Underwood rate. If they were lower they could not be brought in.

20/2 ply American stock under date of November 17 were quoted in England at 2s. 2½d.; that is equivalent to 44 cents. That same

number in first-class southern yarn could be bought anywhere from 33 to 35 cents, depending upon the spinner.

I have picked out some figures on the domestic yarns and carded under date of July 11, when this Fordney bill was first introduced.

Senator LA FOLLETTE. May I interrupt you a second? I want to ask you whether the foreign quotations of prices there are on foreign production or export price on American export yarns?

Mr. CONWAY. That is yarn made up in England to be exported from there without any packing, etc.

Senator LA FOLLETTE. That is what we would call, then, the mill price?

Mr. CONWAY. The mill price; yes, sir. 10/2 ply white stock 20 cents a pound; 20/2 ply white stock 23 cents a pound; 40/2 ply, 35 cents a pound.

Under the old tariff the rate of duty was 7½ per cent; under the new proposed rates it is 2½ cents a pound.

Taking the market price at 20 cents a pound and deducting the American commission, discount, and freight, which amounts to about 2 cents a pound on 20 cents, would leave the net cost 18 cents to the American manufacturer. On July 11 middling cotton, which will probably be the grade used in that manufacture, was quoted at 12 cents a pound. Taking an allowance for waste, which I have taken at 15 per cent—it may be a trifle too low or it may be a trifle too high, but I think it is very fair and conservative—allowing 15 per cent for waste, that brings the cost of cotton to 13.80 cents. That leaves 4.20 cents the net remuneration to the spinner. Now, on a duty of 2½ cents a pound that means a rate of 57 per cent for duty.

I have given the figures in my brief for 20/2 ply and 40/2 ply on the same basis, so I will not repeat them and take the time of the committee.

Senator LA FOLLETTE. May I interrupt again, if you please?

Mr. CONWAY. Yes.

Senator LA FOLLETTE. How about the prices which you quote in your brief, which I understand to be present prices, compare with the prewar prices; that is, relative to the prewar prices in this country for the same numbers?

Mr. CONWAY. You mean the prewar prices for the foreign goods we sell?

Senator LA FOLLETTE. Yes.

Mr. CONWAY. In 1915 the market was very much depressed. We sold No. 100 yarn—I want to show you what we manufacture——

Mr. LA FOLLETTE (interposing). If you please, I wanted to direct your attention to the prewar condition.

Mr. CONWAY. I was going to refer to these samples.

Senator LA FOLLETTE. 1911 and 1912?

Mr. CONWAY. That is the yarn we manufacture [exhibiting sample to the committee].

Senator LA FOLLETTE. Do you understand me? I do not mean "prewar" as to the time when we went into the war, but the beginning of the European war, 1912 and 1913.

Mr. CONWAY. In 1912-13 the prices for No. 100 were 90 cents for $1, if my recollection is right. That is the class of goods we made, and we sold that yarn in 1915 for 76 cents a pound. During the war the price on this was about $1.75 to $2. Immediately after the

war, and in 1919 and 1920, the price of that material rose to $5.75 per pound, wound in that shape [referring to samples]. We did not sell it at that price, unfortunately, because our mills had been sold ahead on the low-basis price. We did sell some at $5.25, but not very large quantities. The bulk of our material was sold the latter part of 1919 and early 1920 at about $2.75 cents a pound, No. 100, and that is some of the yarn on which we were penalized by the customhouse and paid a duty on advanced value as high as $3.75 for that same material to bring it in, and which we had sold to be delivered on contracts for $2.40 a pound. So you see the bed of the importers is not always a rosy one.

That is the class of goods we manufacture. This [referring to sample] is used for electrical yarns. It is different material from what is made by most spinners in this country, for the reason that this material is a mule-spun yarn, while the bulk of the yarns spun in this country is frame-spun yarn. That is what we call a cop. We wind that yarn on these parallel tubes, and it must be put on without any twist whatever, laying flat. If there is any twist or any imperfections it is rejected.

That goes to people like the Westinghouse, the General Electric, and other large electrical concerns.

In our winding plant at Jewett City and Pawtucket we wind as fine as 200. The bulk of our business is in Nos. 80, 100, and 120—that is, 120 put up in the same way [exhibiting another sample].

I think that will cover what I want to say on the yarns.

We pass on to the thread. I understood from the remark made by Senator Smoot to Mr. Hall, who testified here yesterday, that this paragraph 902 applies to yarn which might be used for thread purposes and later processed into sewing cotton. That is the way I understood the bill, and I have made my brief on that understanding.

I also have prepared a list here to show what those prices amount to in plain English and also what they would be dutiable as yarns.

We bring the yarn in the skein, and it is in some instances simply wound on tubes or cones and used for thread purposes, and at other times it is bleached and colored and sized and put on various-sized spools that Mr. Hall showed.

No. 1 yarn, which is the basis of calculation of a single yarn, contains 840 yards.

Senator SMOOT. That does not have anything to do with the duty?

Mr. CONWAY. Yes; it does; and if you will listen just a minute I will show that it does.

If you bring in a 50/3 yarn and it is dutiable on the basis of thread, that No. 50/3 will contain 14,000 yards, and at one-half cent per hundred yards will give you a duty of 70 cents a pound. That is more than the manufacturing cost of the entire article, including the cotton itself.

Senator SMOOT. You are wrong there, because that is not what it says.

Mr. CONWAY. That is what I understood it yesterday, and that is what the gentleman who testified understood it to be, as I gathered from his conversation.

Senator SMOOT. The question of length only applied to darning, embroidery, and knitting cotton. So far as cotton in the thread is concerned, it is one-half of 1 cent a hundred yards.

Mr. CONWAY. That is exactly what it is, that sewing thread, one-half cent on each 100 yards.

There is no possibility of a half cent a hundred yards on any of those threads going as low as 17 or to 33⅓ per cent ad valorem, unless there is a very great upheaval in prices, which none of us anticipate.

Senator SMOOT. I am not going to dispute the rates, but I was just saying what it meant.

Mr. CONWAY. We have been all through this thing at the custom-house before. We brought this skein yarn under the Aldrich tariff when we had to pay high duty, and we found our yarn cost us three or four times the value.

You take 100/3 ply; that will contain 28,000 yards. The duty on the thread basis—one-half cent per 100 yards—will amount to $1.40. Taking it on 40/3 skein yarn, under the proposed rates, the duty will be 13 cents a pound if entered as cotton yarn; if as thread 56 cents a pound.

On 50/3 ply, 15 cents as yarn; thread duty 70 cents a pound.

On 100/3 ply, 25 cents a pound yarn duty; thread duty $1.40 a pound.

If those are six card they will take just one-half of the yardage, and the duties will be 40/6; 16 cents yarn duty, 28 cents thread duty.

On 50/6 ply, 15 cents yarn duty; thread duty 35 cents.

But there is an alternative that these must not be lower than 17 per cent nor higher than 33 per cent. But there is no present way that those duties can be computed and get even as low as the highest alternative 33 per cent in any instance, but there is no possible chance of getting as low as 17 per cent.

Senator SMOOT. It can not be lower than 33⅓ per cent?

Mr. CONWAY. I can not figure it out.

Senator MCLEAN. Because the law says so.

Senator SMOOT. Do you not know the value of the thread?

Mr. CONWAY. I am glad you brought that matter up. If the prices go away down to where they were in 1915, you can possibly get it down to that basis. I do not imagine that you are going to get the very low values for some time to come. There is a tendency for lower basis of prices for everything, whether textiles, or anything else, labor included.

Senator SMOOT. It can not be more than 33⅓ per cent.

Mr. CONWAY. I appreciate that, Senator, but how are you going to figure it?

Senator SMOOT. On the value of the goods, no matter what they are, whether low or high.

Mr. CONWAY. I have taken all the prices obtainable, and I can not make it reconcile.

We come down to prices of darning and knitting cotton. I will give you an example. One of the departments of health placed an order a week ago in Washington for a thousand pounds, for which the successful bidder paid $1.01 per pound.

Senator SMOOT. For what?

Mr. CONWAY. For darning cotton.

That is No. 6, 4-ply. Under this rate we would get a protection on it to import 6.3 per pound. That yarn in the grade at high figure could be bought to-day at 35 cents, or possibly 30 cents. It will cost to bleach and process that not over 20 to 25 cents a pound. So you

take that maximum figure of 35 cents, and your 25 cents gives you 60 cents, and that leaves a profit to the manufacturer of 41 cents a pound, which is very fair margin on almost any article.

Therefore, on the sewing threads, we ask that the same duty as under the Underwood bill be continued.

I have given here for Schedule 9 figures giving the different numbers used for embroidery and also the rates under this bill.

The CHAIRMAN. Could you not help the committee by having some of these matters printed?

Mr. CONWAY. Mr. Chairman, I would like to do that first rate, but I wish you would indulge me. I am finishing on the thread.

The CHAIRMAN. The committee wants to extend to you every courtesy.

Mr. CONWAY. I am practically the lone opposition here, and perhaps after I get through some of these Senators may want to ask questions to elucidate evidence on parts brought out.

The CHAIRMAN. There will not be any Senators here to ask questions unless the hearings are curtailed.

Mr. CONWAY. I am not asking for any more time than necessary.

The CHAIRMAN. Proceed.

Mr. CONWAY. On the flax duty, paragraph 1001, we ask that no duty be placed on the raw material—flax.

The CHAIRMAN. You say, "we ask." Who does that include?

Mr. CONWAY. The importers; or I will say "I," because I have not been authorized to speak officially for anyone else except myself, my own company.

Senator SMOOT. You are speaking now of flax straw?

Mr. CONWAY. The raw material; 1002, we ask for 5 per cent on sliver.

On the ramie yarns, which come under the same classification as jute and linen, I wish to say a word on that, because the duties on these are raised to a point which we consider excessively high. We spent a great deal of time in the way of sampling, getting manufacturers of different lines interested in this material. Ramie yarn in the sizes 18s to 30/2 sold prior to the war, in 1912, at 60 cents for 18s and 72 cents for 30/2 ply. These yarns are used very largely in the manufacture of incandescent mantles. There is only one manufacturer of raw ramie in this country, and that has been recently absorbed by one of the largest mantle manufacturers and is now run as a subsidiary company to that company. So that there can be but one price for that class of goods over here. They can make any price for their material if they get a duty high enough to shut out foreign competition, and they can not only make price for the manufacturing trade but they can also make the price for their own competitors, and I will point out to you briefly a few of the inconsistencies.

Senator SMOOT. You have named in your brief the rate you want?

Mr. CONWAY. Yes.

Senator MCCUMBER. What percentage of the amount used in the United States is produced by this company which you say manufactures in the United States?

Mr. CONWAY. The last account I had from them they were using the bulk in their own factory and only selling their surplus to the trade.

On single bleached yarns—

Senator LA FOLLETTE (interposing). What is the name of that firm?

Mr. CONWAY. I would rather not state any name.

Senator SMOOT. A good many manufacturers use ramie for mixing with other material?

Mr. CONWAY. That is ramie fiber.

Senator SMOOT. You are speaking now of ramie yarns?

Mr. CONWAY. Ramie yarns. I am going to touch on ramie fiber also.

Under the old rate from No. 1 to No. 8 lea at a rate of 12 per cent; the new rate is 8 cents a pound. Under the old rate No. 8 to 80 lea was 20 per cent, and then over 80 it dropped back again to 10 per cent. But, as a matter of fact, nothing above 80 has ever been made in ramie.

Senator SMOOT. I do not think you can make it that high.

Mr. CONWAY. It has been made as high as 80/2 ply; in fact, it has been mercerized, too, but not as a regular product.

These prices are now assessed so that on No. 60 yarn you pay a duty of 35 cents a pound, not per cent but 35 cents a pound. Then if that yarn is bleached or boiled 5 cents a pound more.

Now, in ordinary times it cost us for bleaching 1¾ to 2 cents per pound. At the present rate for job dyeing, which small dyers and bleachers charge for bleaching, 5 cents a pound to-day. That represents their cost and profit. This duty fixes a charge of 5 cents a pound extra, for the reason that this material is all bleached before it is used. In its natural shade it is something the color of that [indicating], a tan shade.

On the twisted yarn, No. 8, the rate is advanced from 8 cents a pound to 16 cents a pound, and there is a sliding scale, so that when you get up to No. 30, which is one size used by the mantle manufacturers, the two sizes being 18 single and 30/2 ply, the specific rate is 32½ cents per pound. This material does not cost any more to twist than it does cotton, and a fair conservative price for twisting that is 2 cents a pound.

We come now to the woolen paragraph. The old rates were 18 per cent. Now, it specifies that yarns valued at 55 cents a pound shall have a 20 cents per pound specific duty and, in addition to that, an ad valorem duty of 15 cents a pound. You take a yarn valued at 55 cents a pound, and you take 20 cents a pound specific duty, and that equals 36 per cent of the value. You add on your cost 18 per cent, and that would cost you 54 per cent. Take, for instance, a carpet yarn which in ordinary times brings anywhere from 40 to 50 cents a pound, and that would be dutiable under that rate at more than the entire manufacturing cost of the yarn. These duties are more than the manufacturing cost, not including the material.

Senator SMOOT. Of course, you know these duties here are compensatory duties. What is your recommendation?

Mr. CONWAY. Our recommendation is that there be no duty on wool, free wool, and the old rates as under the Underwood bill.

Paragraph 1201, that is silk and silk goods, the old rate was 20 per cent. The new rate is 35 cents a pound.

On paragraph 1202, spun silk or schappe, the old rate was 35 per cent, the new rate is 45 cents a pound.

On 1204, the old rate was 15 per cent, the new rate is $1 per pound. We feel that those prices are unreasonably high, and that it will tend to shut out competition entirely.

Under 1215, artificial silk, the old rate was 35 per cent; the new rate is 45 cents a pound. Prior to the war the entire cost of this material was 60 cents per pound. It sold then from $1.50 to $1.75, according to the quality. Therefore, if you advance the price to 35 cents a pound, you put on a duty of 75 per cent of the entire cost prior to the war.

That also covers artificial silk wastes, which is a very much lower grade product. We took the imported artificial silk wastes which is a very much lower grade product. We took this imported artificial silk wastes in 1912, and had it spun on commission by a manufacturer in Philadelphia, and made on worsted machinery which was not exactly adapted for it, and it cost us about 18 cents a pound. Here is a duty imposed of 45 cents a pound, and we do not think it is right.

We come now to the American-valuation plan. We are very much opposed to that, because we do not know what it means. When you come to value such articles as we import and use, here is a yarn that you can not match in this country or probably can not match in this country. There is none of it offered for sale. What are we going to do? Take the price some manufacturer will give you on some other yarn, and make us up a duty on that? Take, for instance, our ramie. Are we going to take this price, what it cost, or going to the domestic manufacturer?

Senator McCumber. Does that article which you just now presented sell on the market in the United States?

Mr. Conway. We are practically the only ones who sell it.

Senator McCumber. But it sells?

Mr. Conway. I doubt if you can go out and buy it outside of ourselves to-day.

Senator McCumber. You have sold it?

Mr. Conway. We sold lots of it to some of the manufacturers who testified here this week.

Senator McCumber. So that it at least had a market value if it sold?

Mr. Conway. That is not American value.

Senator McCumber. It had American value and sold, so you can tell what the American value was.

Mr. Conway. You mean what we sold it at?

Senator McCumber. Yes.

Mr. Conway. How would it be if we import this before we sell it?

Senator McCumber. It would still have an American value.

Senator McLean. You never know what you are going to sell it for?

Mr. Conway. We never know what we are going to sell it for, and we would be in the same position as we were in 1920.

Senator McLean. Of course, take an article that has never been sold in this country, and it would have no market value, because when you first bring it in it has got to have a value before you can find a value.

Mr. Conway. We buy this in 50,000 to 100,000 pound lots, and we sell anywhere from a case to 5,000 pounds, and we might come out whole on the first shipment and might sink a lot of money on the last of it.

Senator McLEAN. Where do you buy that?

Mr. CONWAY. We bought that in Manchester, England. We would be in the same position that we were at the end of 1920, when we had a lot of high-priced goods which cost us $3 to $4 a pound. We had to mark it off and take our loss. That is what all the other manufacturers who are asking a very much higher duty should do; they should come down and take their loss the same as we did, and start on a lower basis.

We had a lot of this 78 single yarn which we brought in. It was all very nice when the market was low, but when the price had dropped we got our orders canceled from some of these same glove manufacturers who are now asking for excessive duties.

Therefore we oppose that American-valuation plan as applied to textiles. There may be some other line that it might apply on satisfactorily.

To sum up briefly, we ask the old rates on these schedules to which I have referred.

There is one other matter I would like to call your attention to, which is the adverse effect this tariff legislation is going to have on our foreign trade. You had some of the statistics read to you yesterday of the amount of goods we exported in cotton goods. We are exporting to New Zealand, Australia, Ceylon, India, and various other parts of the world through our different offices all kinds of cotton piece goods, coarse drills, denims, fine sheetings, and tickings, some of these fancy cloths you saw here yesterday. We have built up quite a nice business. Our connections have already notified us that if this adverse tariff goes through it is going to interfere with this. It is going to interfere with the merchant marine, because if you do not send goods out and bring them back you are going to suffer that way. It is going to interfere with banking connections which have been established in various parts of the world; and, gentlemen, you know that banking connections are the mainstay of any foreign trade. Without banking connections you can not exist.

We have been developing that business and are still developing that business. It has been a nice business. What are we going to do—cut that off? We have sent cotton piece goods out there for 40 or 50 years in competition with every market of the world. We had the competition with Japan during the war, and, as one gentleman stated here, the merchandise of a certain class was so inferior that there is nothing to it. They brought a lot of stuff in here and dumped it on the market at any price, which will account for the low prices which Japanese stuff has been bringing. We tried to bring in some of their cotton yarns, but there is none of it manufactured of a quality we could afford to sell in this country, and those who did take hold of it got stuck badly.

So far as the efficiency of the labor goes in Japan, it does not compare with this country, because all the supervision is done by English hands. They figure they require 130 operatives to equal the work of a hundred English operators. Their wages are based on not only what they get in money, but also are furnished housing, and in some cases food. They live adjacent to the factories in which they work—in some instances in them—and for that reason I do not think we need ever fear any Japanese competition, because in every market where we lost orders for goods temporarily, in Australia and New

Zealand, they have come back and taken American goods on account of the superiority of the quality.

Gentlemen, I think I have covered everything else in my brief, and I thank you for your consideration.

BRIEF OF JOHN F. CONWAY, REPRESENTING E. F. DREW & CO. (INC.), NEW YORK CITY.

We respectfully submit for your consideration the following recommendations on this schedule relating to cotton yarns and cotton manufactures and in opposition to any increase in the duty in the proposed tariff over that existing under the law of 1913:

Appended, marked "Exhibit A," is a list of comparative rates of duty under the Underwood tariff and those proposed for tariff bill No. 7456, dated July 11.

[Paragraph 901.]

There is comparatively little change in the coarser numbers, the rate of duty proposed varying from number to number under the specific rate, although there is an alternative ad valorem duty under the provision of which no levy can fall below a certain percentage, which gives a rate of advance on nearly all sizes over the old rate. This applies to carded and to some sizes of combed below No. 40. The new rates are slightly less on coarse combed, although these sizes have seldom, if ever, been imported and the foreign prices have been nearly as high as the domestic.

There has been in the past very little yarn imported in sizes coarser than No. 50, and in these sizes only at such times when there has been a wide fluctuation in prices; in fact, on most numbers below 80s, except when specially treated, that is gassed or prepared, it has been difficult to import these in competition with the domestic manufacturers. For this reason a protective duty is not needed on the coarse numbers as we have been able in the past to export large quantities of these coarse numbers in competition with foreign spinners, so that a duty on these coarse numbers is not necessary for the protection of the American manufacturers nor has it been productive of revenue. It is only possible to import the numbers below 80s when conditions are favorable and when purchased at very low prices and sold later at a profit on a higher market.

On numbers 120 and above there is only a limited amount manufactured in this country and domestic manufacturers have been able to sell all they could produce, and it is practically impossible to sell foreign goods until the domestic product has been placed. This applies particularly to numbers 120 and under, as above 120s there are very few domestic mills that make these sizes for sale.

DIFFERENCE IN MODE OF SELLING DOMESTIC AND FOREIGN YARN.

It would be well to call to the attention of your committee the different manner in which goods are sold in this country and abroad. The American manufacturer usually sells through an agent or commission house or, perhaps, his own sales agency and his prices are quoted delivered at the mill of the consumer or f. o. b. his own mill—allowing the difference in freight to the consuming manufacturer. The prices at which the goods are sold represents the cost of packing, freight, discount, and selling charges.

If sold through a commission house the compensation is usually 5 per cent, with a trade discount of 2 or 3 per cent when paid on the 10th of the month following delivery or in 30 days time, also an allowance for freight. It is therefore safe to assume that the selling charge and the discount and freight averages 9 to 10 per cent.

On the other hand, the foreign spinner sells his yarn f. o. b. his own mill or delivered to a nearby shipping point. The purchaser is charged for cost of packing, freight, drayage, and other incidental expenses, so that in making a comparison with foreign and domestic prices these facts should be borne in mind, as a difference of 10 per cent should be deducted from the American quotations.

It should be borne in mind that the spinning and weaving methods abroad and in this country are also radically different.

The domestic manufacturer, if he is a manufacturer of cotton yarns, will spin the yarn in a range of numbers, twist it, warp it, reel it, wind it, in fact,

engage in all the different finishing processes which may be required by various consuming trades.

On the other hand, the foreign manufacturer, if he is a spinner, will only spin, and confines his output to certain sizes. He will in turn sell his yarn to the reeler, to the winder, to the warper, or to the finisher for other processes, and the charges for the yarn will be paid by the person purchasing the merchandise primarily. Therefore these manufacturers have only one process on which to figure their profit, whereas the domestic manufacturer, who carries on the various processes, secures his profits on all these processes, which returns him a much larger margin of profit than is possible to the foreign manufacturers.

For this reason the foreign manufacturers have usually been content to operate on a more modest return and at a lower profit per unit, basing their returns on production and efficiency in manufacture.

The same applies to the manufacturer of woven goods who does the spinning, warping, slashing, beaming, weaving as one corporation, whereas the foreign manufacturers are weavers only and buy their raw material in the shape of cotton yarn.

It is therefore difficult to make comparisons on yarn when based only on the size, as there are so many other matters to be taken into consideration, such as twist and quality of stock used by the different spinners, that on the same number of domestic or foreign yarns there will be a variation of 5 to 10 cents per pound on the same numbers, both carded and combed.

For this reason it has also been customary in the past for the sponsors of high tariff to compare the domestic price of yarns of high grade used in weaving and knitting with the prices quoted for the same number of a foreign make, without taking into consideration the above-mentioned considerations and also the fact that there is a difference between the basis of middling cotton of the American grades and those of the English classification. Also that the manipulation of stock enters largely into this, as the foreign spinners are able to spin finer numbers from lower grades and shorter stocks than are attempted by the American manufacturers. For instance, on yarn used by the manufacturers of print cloth in the East (United States) the prices obtained by the mills on sales made between themselves are lower than prices for the same yarn quoted in the English market.

There are very few domestic mills which make a yarn finer than 40s in carded, there being some who make 50s and 60s. There are very few, if any, domestic mills who attempt to make carded yarn above 60, and there are none who make carded yarn in 80s and above, whereas the English spinners make carded yarns as fine as 120s.

CONSIDERATIONS AS BASIS FOR TARIFF.

Therefore, in imposing any tariff the main consideration outside of the amount of revenue to be raised is what adequate protection shall be accorded the home manufacturers and the difference between the cost of American and foreign manufacture, including labor.

There was a time when the claim was made that the foreign manufacturers secured their labor at very much less than the domestic mills. There are some instances to-day where certain manufacturers in this country are paying higher rates of wages than they are paying abroad. In fact, certain American manufacturers are now paying very much more wages in this country than their competitors located in other parts of this country. But, as a rule labor, prior to the war, in this country was only slightly higher than what it was abroad, while the productive cost due to the efficiency and larger turnover in production by the American operative more than made up this difference.

It is a well-known fact that foreign operatives from any country coming here to engage in the textile manufacturing is at a disadvantage compared with domestic labor and it takes several months before they can produce the same amount of work as the operatives here. In other words, American operatives operate more machinery and work faster than their foreign brethren.

Formerly the foreign manufacturer had a greater advantage on account of the lower rate of interest, but this has now been changed on account of war conditions and this is not a factor to be reckoned now nor in the future.

There was also considerable difference in the cost of erecting new spinning mills as compared with the foreign manufacturer, because they could obtain their textile machinery at a lower price than the American manufacturer, and it might be well to consider whether or not this could be remedied by a lowering of the duty on textile machinery. It will even be found that textile machinery

covered by the same patent here and abroad can be imported at practically the same price, duty paid, as is required for the domestic article.

This, however, has been more or less nullified by those mills which have been erected for some time past, as during the war they have made very large and excessive profits and should have been able to mark off to depreciation any enhanced cost paid for domestic construction over the prices paid by foreign competitors, so that practically the only thing to be considered now is the difference in labor.

PERCENTAGE OF DUTY TO MANUFACTURING COST.

At the time this bill was introduced, on July 11, the following prices were current: 10/2 white stock, 20 cents a pound; 20/2 white stock, 23 cents a pound; 40/2 white stock, 35 cents a pound.

These prices were the highest prices, and yarns of good grade in these sizes could be obtained at somewhat less.

10/2.

Tariff under old duty 5 per cent.
Tariff under new duty 2½ cents per pound.

	Cents.	
Taking a market price of	20.00	
Less freight, discount, and commission	2.00	
Net price to mill		18.00
On July 10, price cotton	12.00	
Allowance for waste 15 per cent	1.80	
Making the cost of cotton		13.80
Leaving for cost of manufacture		4.20

The duty of 2½ per cent per pound means 57 per cent of the cost of manufacture, which you can see is ridiculously high.

20/2.

Tariff under old duty 7½ per cent.
Tariff under new duty 5 cents per pound.

	Cents.	
Taking a market price of	23.00	
Less freight, discount, and commission	2.50	
Net price to mill		20.50
On July 10, price cotton	12.00	
Allowance for waste 15 per cent	1.80	
Making the cost of cotton		13.80
Leaving for cost of manufacture		6.70

With a duty of 5 cents a pound on the new tariff, this would mean a duty of 75 per cent on the manufacturing cost.

40/2.

Tariff under old duty 10 per cent.
Tariff under new duty 10 cents a pound.

	Cents.	
Taking a market price of	35.00	
Less freight, discount, and commission	3.30	
Net price to mill		31.70
On July 10, price cotton	13.00	
Allowance for waste 15 per cent	1.95	
Making the cost of cotton		14.95
Leaving for cost of manufacture		16.75

Comparison of domestic and foreign prices—Continued.

AMERICAN PRICES.

HOSIERY YARN.

No. of yarn.	Skeins.	Cones.	No. of yarn.	Skeins.	Cones.
16	32	33	24	35	35
18		33½	26	36	36
20	34	34	30	38	38

No. of yarn.	Foreign weaving, single, skein.		Domestic weaving, single, cents.
	Sterling.	Cents.	
16	1/8	34.00	32
20	1/9	35.70	34
24	1/10	37.40	35
26	1/11	39.10	36
30	2	40.80	38

No. of yarn.	2-ply foreign, ordinary quality.		No. of yarn.	2-ply domestic, cents.
	Sterling.	Cents.		
20/2 American	2/1	42.50	20/2	34
30/2 American	2/2	44.20	24/2	35
40/2 American	2/6	51.00	26/2	36
50/2 American	3/1	62.90	30/2	38
			40/2	52

The foreign prices are lower grade than domestic. The quality comparing with better grade American being made from Egyptian stock.

Basis exchange: Demand Dec. 1, 1921, $4.06⅞.

ADVERSE EFFECT OF EXCESSIVE INCREASE IN IMPORT DUTIES.

Another phase of this situation which may not have been called to your attention which would be well for you to consider at this time, is the fact that if we make the duties on our imports so high as to prohibitive and shut out our import trade from foreign countries, we may expect that they will retaliate on our own goods, and the injury which might be caused by the unwise imposition of duties can scarcely be estimated.

Already a great many of our foreign connections have notified us that the proposed tariff legislation will seriously interfere with our trade.

The interference with this foreign trade will also have a very serious effect on our merchant marine and our foreign banking connections, which have gradually been developed during the past decade, and as you appreciate, banking connections are of the greatest importance to any country in the maintenance of its foreign trade.

The imposition of tariffs on raw material will shut out our manufactures from the selection of such material in the markets of the world and force this same material into foreign markets, enabling the competitors of the American manufactures of these markets to obtain their raw supplies on a much more favorable basis.

It is also fair to assume that the foreign manufacturers on account of their excessive burden for taxes, rate of interest, cost due to advance in labor and increased cost of living will not be in the same favorable position as competitors, as they have been in the past. This should be taken into consideration in imposing duty.

The specific duty is a proper one and protects the manufacturer. The basis is high, as on the coarse size a duty is of no value to the domestic manufacturer, as no coarse yarns worth mentioning have ever been imported. We, on the contrary, export large quantities of coarse sizes, No. 12 and coarser being sent to England and Europe.

By imposing an ad valorem duty on yarn you tax the American people on the value of the cotton as well as the labor and manufacturing cost.

With the imposition of a specific duty and ad valorem you grant very high percentage on a low market on a specific basis, and on a high market you impose a heavy duty by the ad valorem provision.

The enormous dividend paid by a large number of cotton mills operated under the present tariff, many paying from 25 to 50 per cent, a great many over 50 per cent, and a considerable number 100 per cent, is sufficient proof that these manufacturers have not suffered under the present rates.

DUTY BASED ON ADVANCE IN COTTON.

There is another reason why an ad valorem rate should not be applied to yarns for textile purposes. When there is a violent advance this is usually due to an advance in raw material—cotton, wool, and flax.

The fluctuations in the price of cotton yarn is caused by an advance in the raw material, and where the duty is imposed on an ad valorem basis the American public is obliged to pay this additional tax. The foreign manufacturer, of course, is obliged to advance his values whenever there is a corresponding advance in the price of cotton.

It should also be borne in mind that if we shut out the manufactures of these foreign countries it is going to interfere—

First, with the development of the merchant marine.

Second, with our foreign export trade, which we have been building up for the last 10 or 15 years.

Third, if the import rates are made so high as to enable the domestic manufacturers to obtain high profits at home, they will not be keen to compete for foreign trade in the foreign markets with our competitors on which a lucrative business has already been built up on both cotton yarns and cotton manufactures of all kinds.

With advantages of cotton grown at the door, abundance of capital, and well-organized manufacturing establishments the domestic manufacturer should be able to compete even without protection on similar goods produced anywhere in the world.

We therefore respectfully ask that the duties be assessed as follows: No. 40 yarn 3 cents a pound for carded, with an additional duty of one-fifth of 1 cent per number on numbers above. On combed 4 cents a pound per number, with an advance of one-quarter of a cent per number above.

On the numbers below 40s there does not seem to be any need of any duty, but if in the judgment of this committee any duty should be added we would suggest one-tenth of a cent per number less below 40s, one-eighth of a cent per pound less on numbers down to 20, and a sixteenth of a cent less on 20s and below.

While we do not believe that there is any need of protection on the coarse numbers, in view of the fact that these numbers have not been imported in the past and are not likely to be imported in the future the amount of duty assessed is not very material.

EXHIBIT A.

Cotton yarns.

Number of yarn.	Single, carded, not bleached.				Single combed.			
	1921 tariff.		1913 tariff.		1921 tariff.		1913 tariff.	
	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.	Specific.	Ad valorem.	Ad valorem.	Decrease ad valorem.
	Cents.	*Per ct.*	*Per ct.*		*Cents.*	*Per ct.*	*Per ct.*	
1	¼	5¼	5	¼ per cent	¼	5¼	7½	2.3 per cent less.
2	⅜	5⅜	5	⅜ per cent	⅜	5⅜	7½	2.1 per cent less.
3	½	5½	5	½ per cent	½	5½	7½	1.9 per cent less.
4	⅝	5⅝	5	⅝ per cent	⅝	5⅝	7½	1.7 per cent less.
5	1	6	5	1 per cent	1	6	7½	1.5 per cent less.
6	1¼	6¼	5	1¼ per cent	1¼	6¼	7½	1.3 per cent less.
7	1⅜	6⅜	5	1⅜ per cent	1⅜	6⅜	7½	1.1 per cent less.
8	1½	6½	5	1½ per cent	1½	6½	7½	0.9 per cent less
9	1⅝	6⅝	5	1⅝ per cent	1⅝	6⅝	7½	0.7 per cent less.
10	2	7	7½	½ per cent less	3	7	10	3 per cent less.
11	2¼	7¼	7½	0.3 per cent less	3¼	7¼	10	2¾ per cent less.
12	2⅜	7⅜	7½	0.1 per cent less	3⅜	7⅜	10	2⅝ per cent less.
13	2½	7½	7½	0.1 per cent advance	3½	7½	10	2½ per cent less.
14	2⅝	7⅝	7½	0.3 per cent advance	3⅝	7⅝	10	2⅜ per cent less.
15	3	8	7½	½ per cent advance	4	8	10	2 per cent less.
16	3¼	8¼	7½	0.7 per cent advance	4¼	8¼	10	1⅞ per cent less.
17	3⅜	8⅜	7½	0.9 per cent advance	4⅜	8⅜	10	1⅝ per cent less.
18	3½	8½	7½	1.1 per cent advance	4½	8½	10	1½ per cent less.
19	3⅝	8⅝	7½	⅝ per cent advance	4⅝	8⅝	10	1⅜ per cent less.
20	4	9	10	1 per cent less	5	9	12½	3½ per cent less.
21	4¼	9¼	10	¾ per cent less	5¼	9¼	12½	3.3 per cent less.
22	4½	9½	10	½ per cent less	5½	9½	12½	3.1 per cent less.
23	4¾	9¾	10	¼ per cent less	5¾	9¾	12½	2.9 per cent less.
24	4⅞	9⅞	10	⅛ per cent less	5⅞	9⅞	12½	2.7 per cent less.
25	5	10	10	No change	6	10	12½	2.5 per cent less.
26	5¼	10¼	10	¼ per cent advance	6¼	10¼	12½	2.3 per cent less.
27	5½	10½	10	⅜ per cent advance	6½	10½	12½	2.1 per cent less.
28	5¾	10¾	10	½ per cent advance	6¾	10¾	12½	1.9 per cent less.
29	5⅞	10⅞	10	⅝ per cent advance	6⅞	10⅞	12½	1.7 per cent less.
30	6	11	10	1 per cent advance	7	11	12½	1.5 per cent less.
31	6¼	11¼	10	1¼ per cent advance	7¼	11¼	12½	1.3 per cent less.
32	6½	11½	10	1½ per cent advance	7½	11½	12½	1.1 per cent less.
33	6¾	11¾	10	1¾ per cent advance	7¾	11¾	12½	0.9 per cent less.
34	6⅞	11⅞	10	1⅞ per cent advance	7⅞	11⅞	12½	0.7 per cent less.
35	7	12	10	2 per cent advance	8	12	12½	0.5 per cent less.
36	7¼	12¼	10	2¼ per cent advance	8¼	12¼	12½	0.3 per cent less.
37	7½	12½	10	2½ per cent advance	8½	12½	12½	0.1 per cent less.
38	7¾	12¾	10	2¾ per cent advance	8¾	12¾	12½	0.1 per cent advance.
39	7⅞	12⅞	10	2⅞ per cent advance	8⅞	12⅞	12½	0.3 per cent advance.
40	8	13	15	2 per cent less	9	13	17½	4½ per cent less.
41	8¼	15¼	15	1¼ per cent less	10¼	13¼	17½	4.3 per cent less.
42	8½	13½	15	1½ per cent less	10½	13½	17½	4.1 per cent less.
43	8¾	13¾	15	1¾ per cent less	10¾	13¾	17½	3.9 per cent less.
44	9	13⅞	15	1½per cent less	11	13⅞	17½	3.7 per cent less.
45	9¼	14	15	1 per cent less	11¼	14	17½	3.5 per cent less.
46	9½	14¼	15	¾ per cent less	11½	14¼	17½	3.3 per cent less.
47	9¾	14½	15	½ per cent less	11¾	14½	17½	3.1 per cent less.
48	10	14¾	15	¼ per cent less	12	14¾	17½	2.9 per cent less.
49	10¼	14⅞	15	⅛ per cent less	12¼	14⅞	17½	2.7 per cent less.
50	10½	15	17½	2½ per cent less	12½	15	20	5 per cent less.
51	10¾	15¼	17½	2.3 per cent less	12¾	15¼	20	4¾ per cent less.
52	11	15½	17½	2.1 per cent less	13	15½	20	4½ per cent less.
53	11¼	15¾	17½	1.9 per cent less	13¼	15¾	20	4¼ per cent less.
54	11½	15⅞	17½	1.7 per cent less	13½	15⅞	20	4 per cent less.
55	11¾	16	17½	1½ per cent less	13¾	16	20	4 per cent less.
56	12	16¼	17½	1.3 per cent less	14	16¼	20	3¾ per cent less.
57	12¼	16½	17½	1.1 per cent less	14¼	16½	20	3½ per cent less.
58	12½	16¾	17½	0.9 per cent less	14½	16¾	20	3¼ per cent less.
59	12¾	16⅞	17½	0.7 per cent less	14¾	16⅞	20	3¼ per cent less.
60	13	17	20	3 per cent less	15	17	22½	5½ per cent less.
61	13¼	17¼	20	2¾ per cent less	15¼	17¼	22½	5.3 per cent less.
62	13½	17½	20	2½ per cent less	15½	17½	22½	5.1 per cent less.
63	13¾	17¾	20	2¼ per cent less	15¾	17¾	22½	4.9 per cent less.
64	14	17⅞	20	2¼ per cent less	16	17⅞	22½	4.7 per cent less.
65	14¼	18	20	2 per cent less	16¼	18	22½	4.5 per cent less.
66	14½	18¼	20	1¾ per cent less	16½	18¼	22½	4.3 per cent less.
67	14¾	18½	20	1½ per cent less	16¾	18½	22½	4.1 per cent less.
68	15	18¾	20	1¼ per cent less	17	18¾	22½	3.9 per cent less.
69	15¼	18⅞	20	1⅛ per cent less	17¼	18⅞	22½	3.7 per cent less.

Cotton yarns—Continued.

Number of yarn.	Single, carded, not bleached.				Single combed.			
	1921 tariff.		1913 tariff.		1921 tariff.		1913 tariff.	
	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.	Specific.	Ad valorem.	Ad valorem.	Decrease ad valorem.
	Cents.	*Per ct.*	*Per ct.*		*Cents.*	*Per ct.*	*Per ct.*	
70	15¼	19	20	1 per cent less	17½	19	22½	3.5 per cent less.
71	15¾	19¼	20	¾ per cent less	17¾	19¼	22½	3.3 per cent less.
72	16	19¾	20	¼ per cent less	18	19¾	22½	3.1 per cent less.
73	16¼	19⅞	20	⅛ per cent less	18¼	19¾	22½	2.9 per cent less.
74	16½	19⅞	20	⅛ per cent less	18½	19¾	22½	2.7 per cent less.
75	16¾	20	20	No change	18¾	20	22½	2½ per cent less.
76	17	20⅛	20	⅛ per cent advance	19	20⅛	22½	2.3 per cent less.
77	17¼	20¼	20	¼ per cent advance	19¼	20¼	22½	2.1 per cent less.
78	17½	20⅜	20	⅜ per cent advance	19½	20⅜	22½	1.9 per cent less.
79	17¾	20⅝	20	⅝ per cent advance	19¾	20⅝	22½	1.7 per cent less.
80	18	21	22½	1½ per cent less	20	21	25	4 per cent less.
81	18¼	21¼	22½	1.3 per cent less	20¼	21¼	25	3¾ per cent less.
82	18½	21½	22½	1.1 per cent less	20½	21½	25	3½ per cent less.
83	18¾	21¾	22½	0.9 per cent less	20¾	21¾	25	3¼ per cent less.
84	19	21⅞	22½	0.7 per cent less	21	21⅞	25	3¼ per cent less.
85	19¼	22	22½	0.5 per cent less	21¼	22	25	3 per cent less.
86	19½	22¼	22½	0.3 per cent less	21½	22¼	25	2¾ per cent less.
87	19¾	22½	22½	0.1 per cent less	21¾	22½	25	2½ per cent less.
88	20	22⅝	22½	0.1 per cent advance	22	22⅝	25	2⅜ per cent less.
89	20¼	22⅞	22½	0.3 per cent advance	22¼	22⅞	25	2⅛ per cent less.
90	20½	23	22½	½ per cent advance	22½	23	25	2 per cent less.
91	20¾	23¼	22½	0.7 per cent advance	22¾	23¼	25	1¾ per cent less.
92	21	23½	22½	0.9 per cent advance	23	23½	25	1½ per cent less.
93	21¼	23¾	22½	1.1 per cent advance	23¼	23¾	25	1⅜ per cent less.
94	21½	23⅞	22½	1.3 per cent advance	23½	23⅞	25	1⅛ per cent less.
95	21¾	24	22½	1½ per cent advance	23¾	24	25	1 per cent less.
96	22	24⅛	22½	1.7 per cent advance	24	24⅛	25	⅞ per cent less.
97	22¼	24⅜	22½	1.9 per cent advance	24¼	24⅜	25	⅝ per cent less.
98	22½	24⅝	22½	2.1 per cent advance	24½	24⅝	25	⅝ per cent less.
99	22¾	24⅞	22½	2.3 per cent advance	24¾	24⅞	25	⅛ per cent less.
100	23	25	25	No change	25	25	27½	2½ per cent less.
101	23¼	25	25	do	25¼	25	27½	No change.
102	23½	25	25	do	25½	25	27½	Do.
103	23¾	25	25	do	25¾	25	27½	Do.
104	24	25	25	do	26	25	27½	Do.
105	24¼	25	25	do	26¼	25	27½	Do.
106	24½	25	25	do	26½	25	27½	Do.
107	24¾	25	25	do	26¾	25	27½	Do.
108	25	25	25	do	27	25	27½	Do.
109	25¼	25	25	do	27¼	25	27½	Do.
110	25½	25	25	do	27½	25	27½	Do.
111	25¾	25	25	do	27¾	25	27½	Do.
112	26	25	25	do	28	25	27½	Do.
113	26¼	25	25	do	28¼	25	27½	Do.
114	26½	25	25	do	28½	25	27½	Do.
115	26¾	25	25	do	28¾	25	27½	Do.
116	27	25	25	do	29	25	27½	Do.
117	27¼	25	25	do	29¼	25	27½	Do.
118	27½	25	25	do	29½	25	27½	Do.
119	27¾	25	25	do	29¾	25	27½	Do.
120	28	25	25	do	30	25	27½	Do.
Above 120.	28	25	25	do	30	25	27½	Do.

No. of yarn.	Twisted, carded, bleached.				Twisted, combed.			
	1921 tariff.		1913 tariff.		1921 tariff.		1913 tariff.	
	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.
	Cents.	*Per ct.*	*Per ct.*		*Cents.*	*Per ct.*	*Per ct.*	
1	¼	7⅛	5	2⅛ per cent	¼	7⅛	7½	0.3 per cent less.
2	½	7⅜	5	2⅜ per cent	½	7⅜	7½	0.1 per cent less.
3	¾	7⅝	5	2⅝ per cent	¾	7⅝	7½	0.1 per cent advance.
4	1	7⅞	5	2⅞ per cent	1	7⅞	7½	0.3 per cent advance.
5	1¼	8	5	3 per cent	1¼	8	7½	½ per cent advance.
6	1½	8⅛	5	3⅛ per cent	1½	8⅛	7½	0.7 per cent advance.
7	1¾	8⅜	5	3⅜ per cent	1¾	8⅜	7½	0.9 per cent advance.

Cotton yarns—Continued.

No. of yarn.	Twisted, carded, bleached.				Twisted, combed.			
	1921 tariff.		1913 tariff.		1921 tariff.		1913 tariff.	
	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.
	Cents.	*Per ct.*	*Per ct.*		*Cents.*	*Per ct.*	*Per ct.*	
8	2	8 1/8	5	3 1/8 per cent	2	8 1/8	7 1/2	1.1 per cent advance.
9	2 1/4	8 3/8	5	3 3/8 per cent	2 1/4	8 1/8	7 1/2	1.3 per cent advance.
10	2 1/2	9	7 1/2	1 1/2 per cent	3 1/2	9	10	1 per cent less.
11	2 3/4	9 1/8	7 1/2	1.7 per cent	3 3/4	9 1/8	10	1/8 per cent less.
12	3	9 3/8	7 1/2	1.9 per cent	4	9 3/8	10	1/8 per cent less.
13	3 1/4	9 3/8	7 1/2	2.1 per cent	4 1/4	9 3/8	10	1/8 per cent less.
14	3 1/2	9 5/8	7 1/2	2.3 per cent	4 1/2	9 3/8	10	1/8 per cent less.
15	3 3/4	10	7 1/2	2 1/2 per cent	4 3/4	10	10	No change.
16	4	10 1/8	7 1/2	2.7 per cent	5	10 1/8	10	1/8 per cent advance.
17	4 1/4	10 3/8	7 1/2	2.9 per cent	5 1/4	10 3/8	10	3/8 per cent advance.
18	4 1/2	10 5/8	7 1/2	3.1 per cent	5 1/2	10 5/8	10	5/8 per cent advance.
19	4 3/4	10 7/8	7 1/2	3.3 per cent	5 3/4	10 7/8	10	7/8 per cent advance.
20	5	11	10	1 per cent	6	11	12 1/2	1 1/2 per cent less.
21	5 1/4	11 1/8	10	1 1/8 per cent	6 1/4	11 1/8	12 1/2	1.3 per cent less.
22	5 1/2	11 3/8	10	1 3/8 per cent	6 1/2	11 3/8	12 1/2	1.1 per cent less.
23	5 3/4	11 5/8	10	1 5/8 per cent	6 3/4	11 5/8	12 1/2	0.9 per cent less.
24	6	11 7/8	10	1 7/8 per cent	7	11 7/8	12 1/2	0.7 per cent less.
25	6 1/4	12	10	2 per cent	7 1/4	12	12 1/2	0.5 per cent less.
26	6 1/2	12 1/8	10	2 1/8 per cent	7 1/2	12 1/8	12 1/2	0.3 per cent less.
27	6 3/4	12 3/8	10	2 3/8 per cent	7 3/4	12 3/8	12 1/2	0.1 per cent less.
28	7	12 5/8	10	2 5/8 per cent	8	12 5/8	12 1/2	0.1 per cent advance.
29	7 1/4	12 7/8	10	2 7/8 per cent	8 1/4	12 7/8	12 1/2	0.3 per cent advance.
30	7 1/2	13	10	3 per cent	8 1/2	13	12 1/2	0.5 per cent advance.
31	7 3/4	13 1/8	10	3 1/8 per cent	8 3/4	13 1/8	12 1/2	0.7 per cent advance.
32	8	13 3/8	10	3 3/8 per cent	9	13 3/8	12 1/2	0.9 per cent advance.
33	8 1/4	13 5/8	10	3 5/8 per cent	9 1/4	13 5/8	12 1/2	1.1 per cent advance.
34	8 1/2	13 7/8	10	3 7/8 per cent	9 1/2	13 7/8	12 1/2	1.3 per cent advance.
35	8 3/4	14	10	4 per cent	9 3/4	14	12 1/2	1.5 per cent advance.
36	9	14 1/8	10	4 1/8 per cent	10	14 1/8	12 1/2	1.7 per cent advance.
37	9 1/4	14 3/8	10	4 3/8 per cent	10 1/4	14 3/8	12 1/2	1.9 per cent advance.
38	9 1/2	14 5/8	10	4 5/8 per cent advance	10 1/2	14 5/8	12 1/2	2.1 per cent advance.
39	9 3/4	14 7/8	10	4 7/8 per cent advance	10 3/4	14 7/8	12 1/2	2.3 per cent advance.
40	10	15	15	No change	11	15	17 1/2	2 1/2 per cent less.
41	10.3	15 1/8	15	1/8 per cent advance	12.3	15 1/8	17 1/2	2.3 per cent less.
42	10.6	15 3/8	15	3/8 per cent advance	12.6	15 3/8	17 1/2	2.1 per cent less.
43	10.9	15 5/8	15	5/8 per cent advance	12.9	15 5/8	17 1/2	1.9 per cent less.
44	11.2	15 7/8	15	7/8 per cent advance	13.2	15 7/8	17 1/2	1.7 per cent less.
45	11 1/2	16	15	1 per cent advance	13 1/2	16	17 1/2	1 1/2 per cent less.
46	11.8	16 1/8	15	1 1/8 per cent advance	13.8	16 1/8	17 1/2	1.3 per cent less.
47	12.1	16 3/8	15	1 3/8 per cent advance	14.1	16 3/8	17 1/2	1.1 per cent less.
48	12.4	16 5/8	15	1 5/8 per cent advance	14.4	16 5/8	17 1/2	0.9 per cent less.
49	12.7	16 7/8	15	1 7/8 per cent advance	14.7	16 7/8	17 1/2	0.7 per cent less.
50	13	17	17 1/2	1/2 per cent less	15	17	20	3 per cent less.
51	13.3	17 1/8	17 1/2	0.3 per cent less	15.3	17 1/8	20	2 7/8 per cent less.
52	13.6	17 3/8	17 1/2	0.1 per cent less	15.6	17 3/8	20	2 5/8 per cent less.
53	13.9	17 5/8	17 1/2	0.1 per cent advance	15.9	17 5/8	20	2 3/8 per cent less.
54	14.2	17 7/8	17 1/2	0.3 per cent advance	16.2	17 7/8	20	2 1/8 per cent less.
55	14.5	18	17 1/2	1/2 per cent advance	16.5	18	20	2 per cent less.
56	14.8	18 1/8	17 1/2	0.7 per cent advance	16.8	18 1/8	20	1 7/8 per cent less.
57	15.1	18 3/8	17 1/2	0.9 per cent advance	17.1	18 3/8	20	1 5/8 per cent less.
58	15.4	18 5/8	17 1/2	1.1 per cent advance	17.4	18 5/8	20	1 3/8 per cent less.
59	15.7	18 7/8	17 1/2	1.3 per cent advance	17.7	18 7/8	20	1 1/8 per cent less.
60	16	19	20	1 per cent less	18	19	22 1/2	3 1/2 per cent less.
61	16.3	19 1/8	20	7/8 per cent less	18.3	19 1/8	22 1/2	3.3 per cent less.
62	16.6	19 3/8	20	5/8 per cent less	18.6	19 3/8	22 1/2	3.1 per cent less.
63	16.9	19 5/8	20	3/8 per cent less	18.9	19 5/8	22 1/2	2.9 per cent less.
64	17.2	19 7/8	20	1/8 per cent less	19.2	19 7/8	22 1/2	2.7 per cent less.
65	17 1/2	20	20	No change	19 1/2	20	22 1/2	2.5 per cent less.
66	17.8	20 1/8	20	1/8 per cent advance	19.8	20 1/8	22 1/2	2.3 per cent less.
67	18.1	20 3/8	20	3/8 per cent advance	20.1	20 3/8	22 1/2	2.1 per cent less.
68	18.4	20 5/8	20	5/8 per cent advance	20.4	20 5/8	22 1/2	1.9 per cent less.
69	18.7	20 7/8	20	7/8 per cent advance	20.7	20 7/8	22 1/2	1.7 per cent less.
70	19	21	20	1 per cent advance	21	21	22 1/2	1.5 per cent less.
71	19.3	21 1/8	20	1 1/8 per cent advance	21.3	21 1/8	22 1/2	1.3 per cent less.
72	19.6	21 3/8	20	1 3/8 per cent advance	21.6	21 3/8	22 1/2	1.1 per cent less.
73	19.9	21 5/8	20	1 5/8 per cent advance	21.9	21 5/8	22 1/2	0.9 per cent less.
74	20.2	21 7/8	20	1 7/8 per cent advance	22.2	21 7/8	22 1/2	0.7 per cent less.
75	20 1/2	22	20	2 per cent advance	22 1/2	22	22 1/2	1/2 per cent less.
76	20.8	22 1/8	20	2 1/8 per cent advance	22.8	22 1/8	22 1/2	0.3 per cent less.
77	21.1	22 3/8	20	2 3/8 per cent advance	23.1	22 3/8	22 1/2	0.1 per cent less.
78	21.4	22 5/8	20	2 5/8 per cent advance	23.4	22 5/8	22 1/2	0.1 per cent advance.
79	21.7	22 7/8	20	2 7/8 per cent advance	23.7	22 7/8	22 1/2	0.3 per cent advance.
80	22	23	22 1/2	1/2 per cent advance	24	23	25	2 per cent less.

Cotton yarns—Continued.

No. of yarn.	Twisted, carded, bleached.				Twisted, combed.			
	1921 tariff.		1913 tariff.		1921 tariff.		1913 tariff.	
	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.	Specific.	Ad valorem.	Ad valorem.	Advance ad valorem.
	Cents.	*Per ct.*	*Per ct.*		*Cents.*	*Per ct.*	*Per ct.*	
81	22.3	23½	22½	0.7 per cent advance	24.3	23½	25	1⅝ per cent less.
82	22.6	23½	22½	0.9 per cent advance	24.6	23½	25	1⅝ per cent less.
83	22.9	23½	22½	1.1 per cent advance	24.9	23½	25	1⅝ per cent less.
84	23.2	23½	22½	1.3 per cent advance	25.2	23½	25	1⅝ per cent less.
85	23.5	24	22½	1.5 per cent advance	25.5	24	25	1 per cent less.
86	23.8	24½	22½	1.7 per cent advance	25.8	24½	25	¾ per cent less.
87	24.1	24½	22½	1.9 per cent advance	26.1	24½	25	¾ per cent less.
88	24.4	24½	22½	2.1 per cent advance	26.4	24½	25	¾ per cent less.
89	24.7	24½	22½	2.3 per cent advance	26.7	24½	25	¾ per cent less.
90	25	25	22½	2.5 per cent advance	27	25	25	No change.
91	25.3	25½	22½	2.7 per cent advance	27.3	25½	25	½ per cent advance.
92	25.6	25½	22½	2.9 per cent advance	27.6	25½	25	½ per cent advance.
93	25.9	25½	22½	3.1 per cent advance	27.9	25½	25	½ per cent advance.
94	26.2	25½	22½	3.3 per cent advance	28.2	25½	25	½ per cent advance.
95	26.5	26	22½	3.5 per cent advance	28.5	26	25	1 per cent advance.
96	26.8	26½	22½	3.7 per cent advance	28.8	26½	25	1½ per cent advance.
97	27.1	26½	22½	3.9 per cent advance	29.1	26½	25	1½ per cent advance.
98	27.4	26½	22½	4.1 per cent advance	29.4	26½	25	1½ per cent advance.
99	27.7	26½	22½	4.3 per cent advance	29.7	26½	25	1½ per cent advance.
100	28	27	25	2 per cent advance	30	27	27½	½ per cent less.
101	28.3	27	25	do	30.3	27	27½	Do.
102	28.6	27	25	do	30.6	27	27½	Do.
103	28.9	27	25	do	30.9	27	27½	Do.
104	29.2	27	25	do	31.2	27	27½	Do.
105	29.5	27	25	do	31.5	27	27½	Do.
106	29.8	27	25	do	31.8	27	27½	Do.
107	30.1	27	25	do	32.1	27	27½	Do.
108	30.4	27	25	do	32.4	27	27½	Do.
109	30.7	27	25	do	32.7	27	27½	Do.
110	31	27	25	do	33	27	27½	Do.
111	31.3	27	25	do	33.3	27	27½	Do.
112	31.6	27	25	do	33.6	27	27½	Do.
113	31.9	27	25	do	33.9	27	27½	Do.
114	32.2	27	25	do	34.2	27	27½	Do.
115	32.5	27	25	do	34.5	27	27½	Do.
116	32.8	27	25	do	34.8	27	27½	Do.
117	33.1	27	25	do	35.1	27	27½	Do.
118	33.4	27	25	do	35.4	27	27½	Do.
119	33.7	27	25	do	35.7	27	27½	Do.
120	34	27	25	do	36	27	27½	Do.
Above 120.	34	27	25	do	36	27	27½	Do.

SEWING THREAD—CROCHET, DARNING, EMBROIDERY, AND KNITTING COTTON, IN LENGTHS OF NOT LESS THAN 840 YARDS.

[Paragraph 902.]

The old rate was 15 per cent.

On the coarse sizes darning cotton, which is used by people of moderate means, there should be no advance which would add to the burdens of the wage earner. On the contrary, every endeavor should be made to decrease his cost of living, as wages must of necessity tend downward for some time to come.

The meaning of this paragraph is not plain, but if it intended to increase the rate of duty on all yarns imported on cones, skeins, or tubes which may be used or converted for thread purposes, the rate of one-half cent per hundred yards is excessive.

As an example, under proposed bill the rates proposed would make the price per pound as follows:

50/3 contains 14,000, one-half cent per 100 yards, 70 cents duty; 50/6 contains 7,000, one-half cent per 100 yards, 35 cents duty; 100/3 contains 28,000, one-half cent per 100 yards, $1.40 duty; 100/6 contains 14,000, one-half cent per 100 yards, 70 cents duty; 40/3 contains 11,200, one-half cent per 100 yards, 56 cents duty; 40/6 contains 5,600, one-half cent per 100 yards, 28 cents duty.

This amount of duty would more than equal the entire manufacturing cost of the yarn and in some instances nearly the entire market value, including cotton.

The duty on these numbers if entered as cotton yarn under the present proposed rates would be as follows:

	Cotton-yarn duty.	Thread duty.		Cotton-yarn duty.	Thread duty.
	Cents.	*Cents.*		*Cents.*	*Cents.*
40/3	13	56	50/6	15	35
46/6	16	28	100/3	25	140
50/3	15	70	100/6	25	70

This rate of duty would make importations impossible. The old rate, 15 per cent, seems ample, as in addition to this must be taken into consideration freight and import expenses, about 5 to 6 cents per pound, which amount in itself is a heavy protection.

There is an alternative that these rates must not be lower than 17 per cent and higher than 33 per cent. From the figures referred to, it is apparent that there is no likelihood of these rates reaching the low figure, and unless there is some unforeseen upheaval in prices there is very little chance of being as low as the maximum percentage, 33⅓ per cent.

One important consideration to be borne in mind in these schedules is that rates should not be so high that importation would be shut out, and enable domestic manufacturers to fix exorbitant prices, as was the case prior to the Underwood bill, when it was impossible to import threads or yarn on which might be levied the thread rate on the contention that the cotton yarn could be ultimately converted for thread purposes.

On coarse cotton, used for darning cotton, as example, 4 ply in Nos. 6 to 8: This yarn costs in the grey 35 cents before dyeing and winding into balls, in which shape it is usually sold for household purposes for darning. It is bleached and colored and put in balls, sold a dozen to the box, weighing about a pound. These processes should not cost over 20 to 25 cents.

This material has been quoted by the large manufacturers during the past few weeks from $1.50 down to $1.15, one large lot, 1,000, being sold recently to a Government department at $1.01.

We therefore ask that no increase be granted, as there is no line of cotton manufactures which is more profitable than sewing, darning, and crochet cottons. This line is controlled by a few large interests.

Appended will be found a list of duties on sewing threads and darning cottons, showing the duty on the old tariff and the proposed new law, and also the increased percentage. In a great many cases this is more than the cost of manufacture.

A great many of these sizes are used for darning cotton, crochet cotton, and sewing thread, the only difference being in the twisting and processes through which these yarns pass.

EXHIBIT B.

Cotton sewing thread—Crochet, darning, embroidery, and knitting.

Size.	Yardage.	1913 tariff, ad valorem.	1921 tariff, special rate.	1921 tariff, ad valorem.
	Yards.	*Per cent.*	*Cents per pound.*	
3/2	1,260	15	6.3	Minimum rate, 17 per cent.
6/3	1,680	15	8.4	
6/4	1,260	15	6.3	Maximum rate, 33⅓ per cent.
10/4	2,100	15	10½	
10/3	2,800	15	14	
12/3	3,360	15	16.8	Do.
12/4	2,520	15	12.6	
16/3	4,480	15	22.4	Do.
16/4	3,360	15	16.8	
20/3	5,600	15	28	
20/6	2,800	15	14	Do.
30/6	4,200	15	21	

From the above, and also table on preceding page, it will show that the proposed rates will equal from 20 to over 50 per cent, and there is no possibility of these coming within the range of ad valorem prices proposed, namely, 17 to 33⅓ per cent.

COTTON MANUFACTURES.

[Paragraphs 903 to 920.]

The same general remarks regarding the yarns apply in a measure to cotton goods and all classes of cotton manufacture.

We have for years been developing a large export business in textiles of different kinds in all sorts of woven goods, colored, plain hosiery and underwear, which would have been impossible if American prices were higher than foreign.

It doesn't seem necessary to increase the prevailing rates of duty, especially in view of the existing conditions abroad. A great many of the mills in central Europe on account of the prevailing conditions of exchange are unable to buy raw material, especially cotton, and consequently a number of these mills are idle or running part time; many have been destroyed by ravages of war; organizations have been disrupted on account of deaths occasioned by the war. It will therefore take considerable time before the most of the foreign markets will be in a position to supply their own wants. On account of the prevailing high prices, a great many nations have been unable to purchase cotton goods on account of the high prices at which cotton goods have been selling and the corresponding low prices which they have been obtaining for their own products.

This applies to all classes of cost covered under paragraphs 903 to 920.

AMERICAN VALUATION PLAN.

We are strongly opposed to the American valuation clause, considering it the most dangerous and pernicious piece of legislation ever attempted as applied to any article imported and especially to any article as related to the textile industry.

It will lead to endless friction with the customs authorities and cause a loss to the importer, who would never know what value might be placed on his imports, as there is no such thing as an unvarying price on any American commodity.

For example, on a certain number of cotton yarn would the American valuation be the cost price of the goods, or would it be the price for similar or nearly similar goods which might be exacted by an interested domestic manufacturer making a competing article?

As another instance, 30/2 ramie which is quoted by a domestic manufacturer at $1.45—would that be fair valuation as a basis for levying a duty and should even domestic cost attain, as these might be the result of unscientific methods and antiquated machinery, or both.

It might be possible to secure cost which would show any price desired when required for selfish purposes.

There are oftentimes when similar goods of same quality can be bought on this market at a difference from 5 to 10 per cent and at times with a larger difference, as may be seen by reference to bids submitted on cotton material purchased by various Government departments.

This plan would not only stifle competition but on such material as must be imported would tend to put the dealer of such goods in position to gouge the public. It would have the effect of shutting out import and decreasing revenue and creating a monopoly for interested domestic manufacturers.

FLAX, RAMIE, HEMP, JUTE, AND MANUFACTURES THEREOF.

[Paragraphs 1001–1021.]

Paragraph 1001.—In view of the present world-wide scarcity of raw material on account of conditions abroad and high prices obtaining it would seem unnecessary to place any duty whatever on raw material.

Paragraph 1002.—The rates proposed on silver and roving flax, ramie, hemp, and other fibers are high, as on account of the bulky nature of this material and consequently high freight rates it is difficult to import, except for specialties. Five per cent would seem ample, with heavy freight and import charges, which will amount to about 5 cents per pound additional. These charges in themselves are ample protection should no other duty be imposed.

Paragraph 1003.—The rates for jute under the old 1913 tariff were 15 and 20 per cent, which seems ample. Very little jute yarn has been imported except the finer sizes or at times when the domestic prices become abnormally high.

Under the present prevailing prices these rates will be high. On a lower or normal basis of values, toward which this and all materials have been tending, these specific rates will be extremely high.

The old rates are ample, as the freight and other import expenses are a protection in themselves. With the proposed rates, the duty would equal on the present price at which this merchandise is selling 25 to 40 per cent. The price under normal conditions would amount to 33 to 50.

Paragraph 1004.—The rates under the 1913 tariff on single flax, hemp, and ramie were: 1 to 8 lea, 12 per cent; 8 to 80 lea, 20 per cent; 80 and above, 10 per cent. There were no importations above 80.

Prior to the war we sold 10 linen at 30 cents. New rate specifies 8 cents per pound duty. Should prices get back to this level, the proposed duty will amount to 40 per cent.

If these are bleached or boiled, the price is 5 cents per pound higher.

The price for bleaching in ordinary times is 1¾ cents to 2 cents per pound. At present it costs about 5 cents for job work—that is, the price job bleachers charge. This represents a price which shows a profit on small lots. The large manufacturers' cost would be much less.

With the return to normal prices for chemicals and caustic soda and labor, there is no reason why the price for bleaching should not also return to former basis, so that this extra duty for bleaching is the total present job price and more than double the usual normal price.

The price for boiling is not over one-half cent per pound, yet the extra duty is 5 cents per pound.

Ramie sold prior to the war, with duty, freight, and import selling charges added: 10/1 bleach 35, 18/1 bleach 65, 30/2 bleach 72. Under present rates this would be over 40 per cent.

Raw material for ramie in normal times costs about 8 cents per pound. Last quotation had some months ago was about 16 cents. While the processes are more expensive than cotton, with the present selling price $1.45 recently quoted, there is an excessive margin between the cost of raw material and finished article.

The proposed rates are ridiculously high, and higher than the entire cost of manufacturing. The cost of twisting these fibers is no greater than cotton or worsted, and the absurdity of these proposed rates is evident when the duty of 8 cents per pound additional is asked for twisted above the original 8 cents per pound duty for single yarn, and on $30 the duty asked is 19 cents for 30/1, 32½ cents for 30/2, a difference of 13½ cents per pound for twisting and about 50 per cent of the former selling price of this size before the war and more than the entire manufacturing cost.

The cost in this country to-day for twisting on 30/2 on a very liberal basis would not amount to over 2 cents, and can be done at less.

This material can be used largely by manufacturers in making specialties, and our domestic manufacturer can share some of the business on ramie and linen if they can get material somewhat near the price which their foreign competitor can buy.

There is only one American manufacturer of ramie. The domestic source of supply of ramie is now a subsidiary corporation of a large incandescent-mantle manufacturing company, which uses this material in the manufacture of its own goods, and by shutting out importation could obtain a monopoly on this market and fix any price on their own output, at the same time compelling their competitors to pay any price they may ask.

On linen thread the proposed rates would enable domestic manufacturers to tax the consuming public any price desired, as it is impossible to import any article quickly where there is a sudden and violent advance, and when threatened with imports it is possible to drop prices to lower levels than that on which goods can be imported. The freight and other import charges with the old duties are ample to protect, as the freight duties and import expense on these threads amount to 5 to 6 cents per pound, which, added to the old rates of duty, ought to satisfy any reasonable manufacturer.

Paragraph 1005 to 1021.—The old duties on all woven goods in which these fibers are consumed are sufficient; freight and other charges high enough.

We ask that these duties be not advanced.

EXHIBIT C.

Flax, hemp, and ramie yarns.

SINGLE YARNS.

Number of yarn (lea).	In gray; specific rate (lb.).	Boiled, bleached, dyed; specific rate.	1913 tariff ad valorem.	Difference (advance).	Number of yarn (lea).	In gray; specific rate (lb.).	Boiled, bleached, dyed; specific rate.	1913 tariff ad valorem.	Difference (advance).
	Cents.	*Cents.*	*Per ct.*	*Per ct.*		*Cents.*	*Cents.*	*Per ct.*	*Per ct.*
1 to 8	8	13	12	3	36	22	27	25½	3
9	8½	13½	20	3	37	22½	27½	25½	3
10	9	14	20	3	38	23	28	25½	3
11	9½	14½	20	3	39	23½	28½	25½	3
12	10	15	20	3	40	24	29	25½	3
13	10½	15½	20	3	41	24½	29½	25½	3
14	11	16	20	3	42	25	30	25½	3
15	11½	16½	20	3	43	25½	30½	25½	3
16	12	17	20	3	44	26	31	25½	3
17	12½	17½	20	3	45	26½	31½	25½	3
18	13	18	20	3	46	27	32	25½	3
19	13½	18½	20	3	47	27½	32½	25½	3
20	14	19	20	3	48	28	33	25½	3
21	14½	19½	20	3	49	28½	33½	25½	3
22	15	20	20	3	50	29	34	25½	3
23	15½	20½	20	3	51	29½	34½	25½	3
24	16	21	20	3	52	30	35	25½	3
25	16½	21½	20	3	53	30½	35½	25½	3
26	17	22	20	3	54	31	36	20	3
27	17½	22½	20	3	55	31½	36½	20	3
28	18	23	20	3	56	32	37	20	3
29	18½	23½	20	3	57	32½	37½	20	3
30	19	24	20	3	58	33	38	20	3
31	19½	24½	20	3	59	33½	38½	20	3
32	20	25	20	3	60	34	39	20	3
33	20½	25½	25½	3	61 to 80	35	40	20	3
34	21	26	25½	3	Above 80	35	40	10	13
35	21½	26½	25½	3					

TWISTED YARNS.

	Specific rate.	1913 tariff, ad valorem.		Specific rate.	1913 tariff, ad valorem.
	Cents.			*Cents.*	
1 to 8	16	Below 5 lea, 20 per cent.	35	36¼	25 per cent.
9	16¾	Above 5 lea, 25 per cent.	36	37	Do.
10	17½	Do.	37	37¾	Do.
11	18¼	Do.	38	38½	Do.
12	19	Do.	39	39¼	Do.
13	19¾	Do.	40	40	Do.
14	20½	Do.	41	40¾	Do.
15	21¼	Do.	42	41½	Do.
16	22	Do.	43	42¼	Do.
17	22¾	Do.	44	43	Do.
18	23½	Do.	45	43¾	Do.
19	24¼	Do.	46	44½	Do.
20	25	Do.	47	45¼	Do.
21	25¾	Do.	48	46	Do.
22	26½	25 per cent.	49	46¾	Do.
23	27¼	Do.	50	47½	Do.
24	28	Do.	51	48¼	Do.
25	28¾	Do.	52	49	Do.
26	29½	Do.	53	49¾	Do.
27	30¼	Do.	54	50½	Do.
28	31	Do.	55	51¼	Do.
29	31¾	Do.	56	52	Do.
30	32½	Do.	57	52¾	Do.
31	33¼	Do.	58	53½	Do.
32	34	Do.	59	54¼	Do.
33	34¾	Do.	60	55	Do.
34	35½	Do.	Above 60	56	Do.

WOOLEN AND WORSTED YARN.

[Paragraph 1107.]

The old duties were 18 per cent on all numbers.

The new rates specifying that yarn valued at not more than 55 cents per pound shall be dutiable at 20 cents per pound specific and 15 per cent per pound ad valorem. To illustrate: Yarn valued at 55 cents, specific duty, 30 cents per pound; ad valorem duty, 18 cents per pound. Yarn valued at $1.50, specific duty, 30 cents per pound, ad valorem duty, 20 cents per pound.

This specific duty of 20 cents per pound on yarn costing 55 cents amounts to 36 per cent plus 18 per cent ad valorem, total 54 per cent, practically the entire cost of goods to be imported and very much more than the entire manufacturing cost for similar goods made in this country.

This specific duty of 30 cents per pound on yarn costing $1.50 amounts to 20 per cent plus 20 per cent ad valorem; total, 40 per cent.

These duties on sizes costing $1.50 and downward range from 38 per cent to 70 per cent. This rate is exorbitant.

On worsted yarns costing $1.50 and over, the duty would be about 40 per cent.

These duties are more than the entire domestic manufacturing cost.

We offer as a solution the retention of the free wool and no increase in the present rates of manufactures made from wool; that is, yarn and all classes of woolen, worsted or partly woolen or worsted goods.

On yarn used for manufacture of carpets which costs, imported, about 45 to 48 cents under the old tariff, would be dutiable under proposed rate at 51 cents per pound or very much in excess of the value.

We trust therefore that these rates will not be increased.

We do not offer any schedule of the various range of prices as our remarks relating to the increase above will cover all sizes.

Yarn made partly from wool would carry the same duty as all wool which is an unjust tax and altogether too high.

The levying of a duty on wool would restrict the import and consequently give the foreign manufacturers an advantage of a large selection which can not be produced here, enabling them to produce their supply on a very much more favorable basis than the American manufacturers.

This would put the domestic manufacturers at a disadvantage on export business, as, while it might be possible to grant a drawback, the annoyance and expense of collecting these have been very great in the past. It would, therefore, hamper the manufacture of high-grade woolen fabric and yarns.

Another contingent result would be that countries from whom we would shut out imports of wool would naturally send this raw material to other countries to be exchanged for the manufactures from those countries who dealt with them.

SILK AND SILK GOODS.

[Paragraphs 1201, 1202, 1204, and 1215.]

Paragraph 1201.—Silk noils. The old rate was 20 cents per pound. The new rate is 35 cents per pound.

Paragraph 1202.—Spun silk and schappe. The old rate was 35 per cent. The new rate is 45 cents per pound with a specific duty. With ad valorem, alternative, and other rates based on the different style of manufacture.

Paragraph 1204.—The old rate was 15 per cent. The new rate $1 per pound.

These prices are entirely unreasonable, and the advance asked should not be granted.

These rates are in a great many instances nearly doubled the prevailing rates, and there is no good reason why the old rates were not sufficiently high.

We would respectfully ask that these rates be restored to the original figure of tariff of 1913. In any event, we ask that careful scrutiny be given to the various rates, especially for the additional price per number and cumulative rates and other conditions asked for.

There is not the slightest indication that the total cost of manufacturing a great many of these yarns is equal to the duty asked for in this schedule, and these increases should not be granted.

Paragraph 1215.—This relates to yarn and thread of artificial silk and artificial silk waste.

The cost of making artificial silk in 150 denier before the war was 60 cents per pound. This also sold at $1.50 to $1.75 per pound, duty and import expenses added in competition with the domestic makes. While the cost of chemicals have no doubt increased somewhat, there is no reason why this material can not be manufactured in the future as low, if not lower, than the prewar prevailing prices.

The foreign cost was from $1.10 to $1.25, depending on the quality, so that a duty of 45 cents per pound is not only excessive but is three-quarters of the entire cost of this material prior to the war.

Regarding the artificial silk waste, spun yarns, in 1914 and 1915, it was possible to manufacture artificial silk waste in No. 30 yarn two-ply, which work was done by a manufacturer on commission work at 18 cents per pound. There is no reason why this price could not be obtained to-day or at a slightly advanced rate.

Artificial silk waste does not seem to be covered in this tariff, nor was it provided for in the tariff of 1913, but the custom authorities held it dutiable under the classification of waste not otherwise provided for and levied a duty of 10 per cent.

We therefore ask that the duties on all yarns, rovings, and threads, covered in paragraphs 1201 to 1215, inclusive, be not increased; that on artificial silk the duty be not increased over the former rate of 35 per cent. In fact, there is no reason for this high rate, but being in the nature of a luxury this rate can be easily maintained and would not be burdensome.

On artificial silk waste we ask that this be admitted free of duty as a waste substitute.

In view of the fact that there is no import duty on silk, we would further ask that the rates of the tariff in 1913 be not increased on all classes of goods called for under paragraphs under 1201 to 1215.

COTTON GOODS IN GENERAL.

STATEMENT OF ARTHUR H. LOWE, FITCHBURG, MASS., REPRESENTING CONSOLIDATED TARIFF COMMITTEE OF AMERICAN COTTON MANUFACTURERS.

Mr. LOWE. My home is at Fitchburg, Mass., Mr. Chairman.

The CHAIRMAN. And what is your occupation, Mr. Lowe?

Mr. LOWE. I am a cotton manufacturer.

The CHAIRMAN. Your establishment is at Fitchburg, is it?

Mr. LOWE. Yes, sir.

The CHAIRMAN. You may proceed with your statement.

Mr. LOWE. I have a very brief general statement, after which I would like to be followed by gentlemen who have matters in detail to present, with some samples to show the committee. We have tried to reduce this to the very smallest possible time.

The CHAIRMAN. The committee is very anxious to expedite the hearings.

Mr. LOWE. My name is Arthur H. Lowe, chairman of the consolidated tariff committee of cotton manufacturers, representing the National Council of American Cotton Manufacturers, the American Association of Cotton Manufacturers, the National Association of Cotton Manufacturers, Association of Cotton Textile Merchants, and the Arkwright Club, including the mills both North and South. What I say will be supplemented by two or three other gentlemen who will speak briefly about special lines of manufactured goods.

Cotton-goods manufacturers believe that there should be a prompt revision of the tariff because the present uncertainty is preventing the active operation of old enterprises and the stimulation of new ones. Large importations of foreign goods mean that American

workmen will remain in idleness. Cotton manufacturers are to-day operating on a day-to-day basis and are unable to look ahead and make plans for future activity. Unlike the steel and some other industries we meet the keenest competition in our markets from Japan, England, Belgium, and other sections of Europe where long-established industries are paying low wages.

When the hundreds of thousands of people in our thickly settled industrial centers, where no foodstuffs and raw materials are raised, are busy, cotton growers of the South and the farmers of the West and South have better markets and better prices for their products. A fair tariff on cotton products is advantageous to the Kansas farmer as to the Massachusetts textile worker.

There are many different branches of the industry. During the war new lines of goods were manufactured, imports in those goods entirely ceasing. These lines now face extinction by reason of the competition of the old and firmly established industry of Europe.

Good wages, not too high to hamper an industry and not too low to prevent a worker from maintaining a good standard of living, make for general prosperity. The wages and the standard of living in the textile industry in America are far above those in other textile centers in the world. We ask a reasonable tariff to maintain these wages and standards, and to maintain and further develop the industry itself.

The present Underwood tariff does not afford proper protection for our industry. For the importer, who may look only to his own immediate profit, free trade may be desirable. Congress must look at the question in a broad way. Labor in our great industrial centers must be kept busy or more serious trouble and distress will be fomented.

As to American valuations, I personally favor it. If American valuations or some other method that will bring the same results are not adopted, the Fordney bill will have to be rewritten.

Senator SIMMONS (interposing). Let me understand that last statement. I did not get that about the Fordney bill.

Mr. LOWE. If American valuations or some other method that will bring the same results are not adopted, the Fordney bill will have to be rewritten; that is, the basis for rates.

Our industry is complicated. Mills make coarse and fine yarns with varying degrees of finishing, necessitating several processes. There are literally thousands of different kinds of fabrics, ranging from the coarsest and cheapest cloth to the finest goods; some mills, within their four walls, making during the year several hundred different styles and constructions. I do not attempt to present these in great detail.

The textile industry is a basic one and I can not impress too strongly upon this committee the importance of its prosperity as relating not only to the immediate prosperity of all the Eastern States—the textile industry exists in practically every Eastern and South Atlantic State—but for the spreading of prosperity throughout the whole country.

Manufacturers of quite a number of fabrics feel very strongly that they are not properly protected by the Fordney bill. Further, we feel that the phraseology adopted by the Fordney bill is not the

proper one and in order to perfect it we make the following recommendation:

Phraseology: In its present form the phraseology of the cotton schedule of the Fordney bill differs materially from that used in previous tariff laws, such changes having been made even where it was the evident intention to give exactly the same meaning to the act. It is unavoidable that the wording of the new bill should differ in many respects from that of previous tariff laws, but so far as possible, and in the absence of any good reason for making a change, the phraseology that has been subjected to the test of experience and has been interpreted by the courts should be retained, particularly when the definition or classification of a product is involved, in order to avoid litigation over the meaning of the act and the possibility of constructions being placed on it by the courts which were not intended by Congress. This is especially important in connection with the definition of cotton cloth. For this reason we ask that you subject the phraseology of the cotton schedule to careful scrutiny and adopt new phraseology only when it is certain that a change from that which has stood the test of experience is necessary.

Average number of yarn: We recommend that the method of determining the yarn number in cloth be changed from 840-yard basis for No. 1 to a 750-yard basis, owing to the take-up in the manufacture of cloth. The rates in the Fordney bill, both specific and ad valorem, on cotton yarn and on countable cotton cloth are graduated by a sliding scale on the yarn number. This method has long been in use for tariff rates on cotton yarn, but was first adopted for cotton cloth in the Underwood tariff of 1913. Owing to the impossibility of determining by the analysis of a sample the number of the spun yarn with the precision required in the collection of duties, it was decided to determine the number of yarn in cloth by arbitrarily assuming that the length of the yarn is equal to the distance covered by it in the cloth, the number indicating the number of 840-yard lengths in 1 pound. As this method takes no account of the take-up of the yarn in weaving, dyeing, and finishing, the number so found is less than the number of the yarn when spun, the difference varying with construction of cloth, but averaging not far from 10 per cent for the bulk of countable cotton cloths.

The effect of this arrangement is to reduce the tariff rate on countable cloth below what it would be if the tariff number were equal to the spun-yarn number.

Senator SMOOT. That has been the policy in operation?

Mr. LOWE. Yes; that has been the usual custom.

Senator SMOOT. To determine the size of the thread—now, you want to reduce that 10 per cent, down to 750?

Mr. LOWE. Yes, sir.

Senator SMOOT. That is about 10 per cent. There is not any more take-up to-day than there was when it was first established?

Mr. LOWE. No; not at all. The lengths of the——

Mr. LIPPITT (interposing). I would like to say to the Senator from Utah that this method was never in force in any tariff bill until it was adopted in the Underwood bill. The number of the yarn did not enter in the placement of the tariff duties until the

Underwood bill was adopted. The previous tariff bills were on a different basis.

Senator SMOOT. It is on the square yard.

Mr. LOWE. But without regard to the yarn number.

Senator SMOOT. In all tariff bills we have always had to find out the yarn number in order to arrive at the weight.

Mr. LOWE. I think Mr. Lippitt will develop that a little further, Senator.

Let us assume, for example, that the average yarn number of a colored cotton fabric as determined by this method is found to be 72s, and that the average number of the yarn when spun was 80s. By referring to the Fordney bill chart, it will be seen that the rate of duty, if based on 80s, the actual number of the spun yarn, is 48 cents per pound, with a minimum of 29 per cent ad valorem; if based on 72s, the number used for tariff purposes, the rate of duty is 42.8 cents per pound, with a minimum of 27.4 per cent ad valorem.

To remedy this effect we recommend that the standards for the yarn number in cotton cloth shall be determined by using 750 yards as a basis instead of 840 yards. This change will, for all practical purposes, provide the same standard for the number of both yarn and cloth.

Sizing in cotton cloth: The Fordney bill, following the rule laid down by the Underwood bill, provides that in determining the average yarn number in cloth "the weight shall be taken after any excessive sizing is removed." Neither bill defines the term "excessive," and consequently it is left to the discretion of the customs appraiser to determine from what cotton cloths the sizing shall be removed when determining the average yarn number. As the presence of sizing by increasing the weight of the cloth decreases the average number of the yarn, it follows that the present and proposed arrangement gives the customs authorities power to fix the amount of the duty assessed on cotton cloth containing sizing material. In order to correct the defect, we recommend that the word "excessive," as applied to "sizing," be omitted in paragraph 904.

Rates on yarn and cloth under No. 10: The Fordney bill provides that the specific rates on both yarn and cloth not exceeding No. 10 shall be equal to a specified fraction of a cent per number per pound, beginning with No. 1. This results in very low specific rates on yarn and cloth under No. 10.

What is said of these yarns of coarse numbers is true also of cotton cloths made of coarse yarns. For these reasons it is recommended that the specific rate on advanced cotton yarns and cloths under each classification for numbers under 10 shall be the same as for No. 10 yarn or cloth of the respective class.

Mr. Cramer will speak on the yarn section for our committee, and will, no doubt, refer to this situation as it affects yarns.

Woven-figured patterns: A paragraph should be added to the Fordney bill to take care of fine, fancy, figured-woven goods. It requires to make these goods a large increase in cost, requiring designers, chemists, increased floor space, more expensive and additional machinery, better qualities of material, higher wages to operators, expensive pattern cards and bands, and a larger investment all around.

Mr. Lippitt will develop that with samples.

I suggest the following substitute for paragraph 905, which will be explained by Mr. Lippitt:

In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section, there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely: On all cotton cloths woven with eight or more harnesses, or with Jacquard motions, or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per centum ad valorem for cloths containing yarns the average number of which does not exceed No. 30; exceeding No. 30, 15 per centum ad valorem.

Tire fabric or fabric for use in pneumatic tires, including cord fabric, 25 per cent ad valorem.

Mr. Owen, of the Beacon Manufacturing Co., will speak briefly on blankets, and show some samples.

Blankets: We ask to have corrected an apparent omission from the tariff bill as passed by the House. Jacquard figured blankets, as well as terry-woven and pile fabrics, are definitely excluded from paragraph 911, the evident intention being to provide for these goods elsewhere. This has been done in the case of terry-woven and the pile fabrics in paragraph 909, but Jacquard figured blankets and blanket goods are not again mentioned in the bill.

As Jacquard figured blankets and blanket goods are nearest to upholstery fabrics in construction and production cost, we suggest that they be provided for under paragraph 908, making this paragraph read as follows:

Paragraph 908. Tapestries and other Jacquard woven unholstery cloths, Jacquard figured blankets and blanket goods, made with more than one colored filling thread, in the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 30 per centum ad valorem.

Senator SMOOT. As I understand the reading of the House bill, instead of 10 per cent and the definitions that you desire to put in there you want 12 per cent on all goods up to 30, and 15 per cent on all above 30.

Mr. LOWE. On all these fancy goods.

Senator WALSH. I was going to suggest that Mr. Lowe submit some amendments that may be inserted in the record.

Senator SMOOT. He has just submitted an amendment.

Senator WALSH. Have you prepared them in legal form, designated as to sections to which they can be attached?

Mr. LOWE. Yes, sir.

Senator SMOOT. The one he has just submitted is all right.

Mr. LOWE. Bedspreads: Paragraph 911 in its present form does not cover bedspreads in the piece, in which form they have been imported in the past. In order to correct this defect it is recommended that the words "in the piece or otherwise" be inserted after the words "quilts or bedspreads" in the first line of paragraph 911.

Pile fabrics: During and since the war the manufacture of the finer grades of cotton pile fabrics has been developed on an important scale in the United States. This branch of manufacture is now threatened with the same competition from Europe that prevented

its being established and carried on in the United States before the war. In order to protect the American industry against this competition it is recommended that a duty of 10 per cent ad valorem, in addition to the 33⅓ per cent provided by paragraph 909, be placed on cotton pile fabrics having more than 300 filling threads per inch.

We request, therefore, the insertion of a bracket in paragraph 909 for the purpose of giving additional protection to these "twill backs," and suggest that the said paragraph, so amended, shall read as follows:

Paragraph 909. Pile fabrics composed wholly or in chief value of cotton, including plush and velvet ribbons, cut or uncut, whether or not the pile covers the whole surface, and manufactures, in any form, made or cut from cotton pile fabrics, 33⅓ per centum ad valorem: *Provided*, That any of the foregoing containing in excess of three hundred picks or filling threads to the inch, including the filling pile threads, when advanced through the stage of cutting or beyond, shall pay in addition to the foregoing rate of duty 10 per centum ad valorem; terry-woven fabrics, composed wholly or in chief value of cotton, and manufactures, in any form, made or cut from terry-woven fabrics, 25 per centum ad valorem.

Mr. Thoron will further cover this item and submit samples.

Dyestuffs: While we do not believe in the licensing of the importation of dyestuffs or an embargo, we do believe in a duty on dyestuffs which will establish and maintain the dyestuffs industry in this country. If such a duty is put on dyes there should be a compensatory duty on fabrics in which those dyes are used. The cost of dyeing as it may be affected by the dyestuff duty is sure to be a very serious matter as regards some fabrics, particularly new fabrics which are just being perfected and which are ordinarily described as sunfast. These are dyed with the more recently invented colors, which have not been produced in the United States; at least not in commercial quantities.

With a tariff containing such a small margin of safety from the protective standpoint as the House bill does, a duty of 7 cents a pound and 35 per cent ad valorem on dyestuffs imported as dyestuffs with a protection of only 15 per cent or 20 per cent on dyestuffs imported as colored yarn, it would seem likely to result in large importations of such yarn in cloth. And it really is not a very scientific law which tries to assist an industry by a method which regulates importations of an article in its original condition but encourages importation of the same article in a combined condition, thereby not merely not helping the American producer of the original article, but also injuring the American producer of both the original and combined article.

Senator SIMMONS. What compensatory duty do you propose there?

Mr. LOWE. We have not proposed any rate, Senator. Mr. Lippitt will, I think, refer to that more satisfactorily with his samples.

Senator SMOOT. You have special reference to the vat dyes?

Mr. LOWE. To the fast dyes; yes, sir.

We make these suggestions, in conclusion, with a desire to be helpful in perfecting the Fordney bill. Even with these changes we do not feel that it is sufficiently protective. The rates are very much lower than under any previous Republican tariff bill. For half a century prior to the Underwood bill and not excepting the cotton schedule of the Democratic tariff under President Cleveland, the cloth rates have averaged 40 per cent and above. It is not

likely that the cloth rates of the Fordney bill will average over 22 per cent. There have always been importations of cloth amounting to several million dollars per annum under those 40 per cent rates. And we know of nothing that has occurred in the relations between the American and foreign cotton manufacturing to justify the belief that any lower rates will be protective. We emphatically urge, therefore, that after making proper allowance for the change to American valuations the duty shall be raised to a point that will give a protection equal to that under which the industry was established and has been maintained.

Senator WALSH. Mr. Lowe, you are personally interested in the manufacture of fancy goods?

Mr. LOWE. Yes, sir.

Senator WALSH. How many such establishments are there in the country, generally speaking?

Mr. LOWE. There are several hundred.

Senator WALSH. Where are they located?

Mr. LOWE. Both North and South. The finest ones are in the North.

Senator WALSH. Is there somebody else to speak for the cotton goods other than what you have said in your statement?

Mr. LOWE. Yes, sir.

Senator WALSH. And they will take it up as a separate subject?

Mr. LOWE. Yes, sir.

Senator WALSH. To what extent do you use imported dyes in the making of fancy cotton goods?

Mr. LOWE. I have been obliged in the past to use, as far as fast colors were concerned, nearly all imported dyes.

Senator WALSH. Is the local manufacturer able to supply you with all kinds of dyes?

Mr. LOWE. Not all kinds.

Senator WALSH. So you are still dependent upon the foreign market for certain dyes?

Mr. LOWE. Yes, sir.

Senator WALSH. What percentage of foreign dyes do you have to bring in?

Mr. LOWE. The percentage would be small, because the quantity of foreign dyes used is small.

Senator WALSH. Are the kind that you do use indispensable?

Mr. LOWE. Quite.

Senator WALSH. And you must get them?

Mr. LOWE. Yes, sir.

Senator WATSON. I would like to ask you whether or not you furnished figures to show the cost of production in competing countries?

Mr. LOWE. Such figures have been so generally published, Senator, that I do not offer any——

Senator WATSON (interposing). Yes; but are they reliable and authentic as to the present costs, in the manufacture of the kind of cotton cloth that you make in your mill now in New England as compared with those made in England?

Mr. LOWE. The trouble is to get anything that is reliable——

Senator WATSON (interposing). Precisely; that is why I was asking. You were saying these rates were not sufficiently protective, and I

was wondering what the figures were upon which you based that statement.

Mr. LOWE. Upon our experience.

Senator WATSON. But your experiences before the war are not applicable to the existing situation, are they?

Mr. LOWE. No; and we do not expect existing situations to continue, and we do not expect the permanent situation to be very much different from what it was before the war.

Senator WATSON. So that it is really on the prewar basis that you made your statement, on the theory that whatever the changing conditions may bring about it will finally come back practically to the prewar basis?

Mr. LOWE. We do not know of any reason why that will not result.

Senator WATSON. Wages abroad and wages here?

Mr. LOWE. Yes, sir.

Senator MCLEAN. The spread between the cost here and abroad is certainly as great as it has ever been, is it not?

Mr. LOWE. I should think so. The transportation charges and the labor charges and high price——

Senator WATSON (interposing). That is what he means, that the spread is greater now than ever before; that it costs more than ever before.

Senator MCLEAN. He did not understand my question.

Senator WATSON. That is, the difference between the cost of production here and abroad is greater now than before the war?

Mr. LOWE. I would say that it is.

Senator WATSON. Why?

Mr. LOWE. On account of the very high wages that are being paid here and cheaper wages on the other side.

Senator WATSON. How much have wages risen here and how much have wages risen over there, if at all?

Mr. LOWE. I think probably the advances in wages here and over there were, perhaps, approximately the same; but the reductions over there have been much more than they have been here.

Senator WATSON. That is, since the war?

Mr. LOWE. Yes, sir.

Senator WATSON. Can you tell us what you paid, on the average, before the war and those paid on the average by the same people now?

Mr. LOWE. The wages that we are paying now are about 155 per cent more than they were, less 22½ per cent. That would be about 120 per cent more than before the war.

Senator MCCUMBER. In other words, two and a half times as much; is that what you mean?

Mr. LOWE. No, sir; about one and one-fifth times.

Senator WALSH. There is a table that has been handed to me by Mr. Lowe that seems to answer that.

Mr. LOWE. It would be one and one-fifth times.

Senator WALSH. That paper might well go into the record, amplifying this point you are just making.

(The table referred to is as follows:)

Wage rates paid for weaving print cloths in Fall River.

[Compiled by the industrial service department of the Merchants National Bank of Boston. The figures are the prices paid for weaving 47½ yards of 28-inch, 64 by 64. 7-yard print cloths.]

Period.	Wage rate.	Advance (+) or reduction (−) from previous rate.	Percentage of 1900 rate.
		Per cent.	
December, 1899, to March, 1902	$0.1980	+10	100
March, 1902, to November, 1903	.2178	+10	110
November, 1903, to July, 1904	.1980	− 9 1/11	100
July, 1904, to October, 1905	.1732	−12½	87½
October, 1905, to July, 1906	.1861	+ 7½	94
July, 1906, to November, 1906	.1980	+ 6 6/11	100
November, 1906, to May, 1907	.2178	+10	110
May, 1907, to May, 1908	.2396	+10	121
May, 1908, to March, 1912	.1966	−17 5/11	99
March, 1912, to January, 1916	.2163	+10	109
January, 1916, to May, 1916	.2271	+ 5	115
May, 1916, to December, 1916	.2498	+10	126
December, 1916, to June, 1917	.2748	+10	139
June, 1917, to December, 1917	.3023	+10	154
December, 1917, to June, 1918	.3401	+12½	172
June, 1918, to June, 1919	.3911	+15	198
June, 1919, to December, 1919	.4498	+15	227
December, 1919, to June, 1920	.5060	+12½	256
June, 1920, to January, 1921	.5819	+15	293
January, 1921	.4510	−22½	228

Mr. LIPPITT. That shows a complete record of the changes in wages in New England for a great many years. The highest point that the wages reached were 169 per cent higher than in 1914, and they were reduced 22½ per cent on the top wages, which left the wages to-day 108 per cent higher than they were before the war.

Senator McCUMBER. Then, where you paid $1 before, you are paying now $2.30; is that right?

Mr. LIPPITT. Yes, sir.

Senator WALSH. Since the war there has been a reduction of about 22½ per cent?

Mr. LOWE. Yes, sir.

Senator LA FOLLETTE. Senator Lippitt has just stated that was on the top wages?

Mr. LIPPITT. With the permission of the Senator, I will explain exactly what I said. The wages were increased by degrees up to 169 per cent higher than they were before the war.

Senator LA FOLLETTE. That is on the average.

Senator SMOOT. All wages?

Mr. LIPPITT. Yes.

Senator LA FOLLETTE. Did that affect employees in all degrees and departments?

Mr. LIPPITT. Yes; except the managers; they were not increased that much. There has been a reduction of 22½ per cent. That reduction of 22½ per cent was figured on the maximum of 169 per cent advance, and which resulted in the wages being left at a net advance of 108 per cent, as they stand to-day in New England.

Senator McCUMBER. Mr. Lowe, do you expect to have a tariff that will enable you to keep the wages two and a half times or two and three-tenths times what they were above the prewar wages?

Mr. LOWE. No, sir.

Senator WATSON. I started out to inquire about that. We could follow it up. They have increased on the average now since the reduction to 108 per cent over what they were before the war. What has been the increase in England in the meantime; what has been the decrease in the United States in the meantime?

Mr. LOWE. I am unable to answer that.

Senator WATSON. Do you know, Senator Lippitt?

Mr. LIPPITT. No, Senator; I do not.

Senator SIMMONS. Where can we get that information?

Mr. LOWE. The latest information we are able to obtain is from the Government report.

Senator SIMMONS. Did you ask them for the information with reference to the increase in Great Britain as well as in America?

Mr. LOWE. We used in our calculations altogether their printed reports.

Senator SIMMONS. Do they speak in their reports of like increases in any other foreign country?

Mr. LOWE. Yes, sir.

Senator SIMMONS. You have not got those yet?

Mr. LOWE. We only get them as published.

The CHAIRMAN. Mr. Lowe, what is the condition of the industry in New England and throughout the country at the present time? Is it largely closed up and stagnant, or is it moving along?

Mr. LOWE. Well, it is moving along, but it is moving along in a hesitating way. We are anxious to know what our competition is going to be.

The CHAIRMAN. At the present time, what percentage of movement is there in the industry?

Mr. LOWE. I should say, as an average, possibly 70 per cent.

The CHAIRMAN. That is pretty good, is it not?

Mr. LOWE. That is not as good as we want.

The CHAIRMAN. Nothing is as good as we want, Mr. Lowe.

Senator SIMMONS. You do not attribute all that to foreign competition?

Mr. LOWE. No, sir.

Senator SIMMONS. They are largely conditions that affect everybody.

Mr. LOWE. Yes, sir.

Senator McLEAN. From what country do you have your most serious competition?

Mr. LOWE. Under normal conditions, I would say England. But, of course, at the present time the German manufacturers are very anxious to get their goods in here.

Senator McLEAN. Are they in fact introducing goods here that compete with yours now?

Mr. LOWE. Yes, sir.

Senator McLEAN. Then the difference in cost would be greater in comparing this country with Germany than with England; that is, you consider Germany your lowest cost competitor, do you not?

Mr. LOWE. Except that certain coarse goods are being made in Japan.

Senator WATSON. What is the relative cost of production in Japan and Germany on these cotton products?

Mr. LOWE. It is very difficult to come to any satisfactory conclusion on account of conditions of exchange.

Senator MCLEAN. Do you know what they are offering their goods for here?

Mr. LOWE. No, sir.

Senator SUTHERLAND. Are they underselling you?

Mr. LOWE. Yes, sir.

Senator WALSH. Suppose they are in certain grades, but not all grades?

Mr. LOWE. Yes.

Senator WALSH. Mr. Lowe, I understand, represents the cotton manufacturing interests as a whole. Why could you not, Mr. Lowe, or somebody representing you, prepare in tabloid form all the amendments that the cotton industry wants made to this bill, so that we can have them on one sheet of paper rather than to have to go through all these statements to find the various amendments?

Mr. LOWE. We would be very glad to do that.

Senator WATSON. I would like to know what they want and why they want it.

Senator WALSH. He has it made up, but I have requested him to have it prepared in tabloid form.

Senator SIMMONS. I want to ask you this: I think you stated a little while ago, though I do not recall exactly the figures that you gave, if you did say, what is the present importation of cotton goods?

Mr. LOWE. It is very varied, for the reason that——

Senator SIMMONS (interposing). Suppose we take it for the last six months?

Mr. LOWE. We would have to get that from the published records.

Senator SIMMONS. I thought you were familiar with that.

Mr. LOWE. I am not. I could not tell you in detail.

Senator SIMMONS. Can you tell me what proportion of the importations of cotton goods represent cotton goods that are produced in this country?

Mr. LOWE. You mean what importations there are that correspond with goods made in this country?

Senator SIMMONS. No; I am assuming in that question that there are certain cotton goods which we buy from Great Britain that are of a character not produced in this country. Am I right in that assumption?

Mr. LOWE. There are some of the very finest goods; yes, sir.

Senator SIMMONS. I was asking you then what percentage of the entire importation of cotton goods into this country represent goods of a character not produced in this country?

Mr. LOWE. That would be a small amount.

Senator SIMMONS. It would be small, but there would be some?

Mr. LOWE. There would be some.

Senator SIMMONS. I was under the impression that we bought from Great Britain quite a lot of cotton goods that were very fine that are not produced in this country.

Mr. LOWE. Senator Lippitt will bring out that point, Senator, fully.

Senator LA FOLLETTE. Mr. Lowe, what mills are you interested in and where are they located?

Mr. LOWE. The Parkhill Manufacturing Co., at Fitchburg, Mass.

Senator LA FOLLETTE. That is a very large concern, is it not?

Mr. LOWE. It is small compared with some, but we employ some 1,500 to 1,600 hands.

Senator LA FOLLETTE. Have you any schedules of the wages paid in your establishment, the Parkhill?

Mr. LOWE. No, sir; I have not here.

Senator LA FOLLETTE. Will you file with the committee a complete schedule of the wages paid in your factory?

Mr. LOWE. Yes, sir.

Senator LA FOLLETTE. And I think it would be helpful to the committee if you would make a schedule for 1913, we will say, and then a comparative statement for each year since, say, that we might see the changes that have been made. You were obliged to increase your wages very materially, I take it, during the war period?

Mr. LOWE. Yes, sir.

Senator LA FOLLETTE. Do you employ any labor called "common labor" in your plant?

Mr. LOWE. We employ some.

The CHAIRMAN. Unskilled labor, do you mean, Senator?

Senator LA FOLLETTE. "Common labor" is a term used by many representatives of the steel industry and other industries who have spoken here, and I used it because they used it.

What wages are you paying now per day for common labor?

Mr. LOWE. That, of course, depends on the class of work that they do. Common labor is not all paid the same rate.

Senator WALSH. Some work about the grounds?

Mr. LOWE. They work about the grounds, but the number of such is very small.

Senator LA FOLLETTE. Of course, I understand that to be so.

Mr. LOWE. Yes, sir.

Senator LA FOLLETTE. Then do you have any other class of labor that you employ inside of the mill that is unskilled labor?

Mr. LOWE. I would not say so; they must be more or less familiar with machinery.

Senator LA FOLLETTE. What are the lowest wages that you are paying at the mill?

Mr. LOWE. To-day?

Senator LA FOLLETTE. Yes, sir.

Mr. LOWE. I do not think we are paying any labor in the mill under 38 to 40 cents an hour.

Senator LA FOLLETTE. How many hours constitute a day's work—eight?

Mr. LOWE. Eight hours.

Senator SMOOT. Those are girls, are they?

Mr. LOWE. Some are girls.

Senator LA FOLLETTE. And some are men?

Mr. LOWE. Some are men.

Senator SMOOT. What do they get for spinning?

Mr. LOWE. I can not give you that, but I will file it all with the committee.

Senator LA FOLLETTE. Are you pretty clear as to your recollection as to your present wage?

Mr. LOWE. I would like to confirm it.

Senator LA FOLLETTE. How would that wage compare with the wage and for the same class of employment in 1913?

Mr. LOWE. It is a little more than double what we paid in 1913, Senator.

Senator LA FOLLETTE. You were then paying about 19 cents an hour in 1913?

Mr. LOWE. For certain classes of work.

Senator LA FOLLETTE. For the same class of work that you are now paying 40 cents?

Mr. LOWE. Yes, sir.

Senator LA FOLLETTE. Well, can you state what the class of labor is that you are now paying 38 cents an hour?

Mr. LOWE. Semiskilled and transient.

Senator LA FOLLETTE. What percentage of your labor are you paying 38 cents an hour at this time?

Mr. LOWE. Quite a percentage.

Senator LA FOLLETTE. Can you say about what percentage?

Mr. LOWE. Approximately 30 per cent.

Senator LA FOLLETTE. What is your next highest wage that you are paying in the mill?

Mr. LOWE. It goes right along up by degrees.

Senator LA FOLLETTE. You will file with the committee, will you, the comparative wages?

Mr. LOWE. Yes, sir.

Senator CALDER. What is the highest rate you pay your skilled labor?

Mr. LOWE. I think we pay as high as 65 cents an hour.

Senator CALDER. What proportion of your entire labor is in that group?

Mr. LOWE. It would be a considerable proportion.

Senator CALDER. Would you say that more than half of the men employed in your factory receive 50 cents an hour?

Mr. LOWE. Yes, sir.

Senator CALDER. Would the majority receive 40 cents——

Senator WALSH (interposing). The largest number are the weavers, are they not?

Mr. LOWE. Yes, sir; more.

Senator WALSH. What is the average wage of the weavers in your industry, weekly?

Mr. LOWE. They would earn around 45 to 50 cents an hour.

Senator WALSH. And they constitute about 50 or more per cent of your employees?

Mr. LOWE. Yes, sir.

Senator SMOOT. Mr. Lowe, are you running your mill on piecework?

Mr. LOWE. Yes, sir; a good part of it.

Senator SMOOT. The weaving is on piecework?

Mr. LOWE. Yes, sir.

Senator SMOOT. Do you run spinning on piecework?

Mr. LOWE. The spinning is on piecework.

Senator SMOOT. The wage depends on whether a person is handling a loom skillfully or not? One weaver can make twice as much as another, and, of course, you like to weed out those that are not good

producers just as fast as you can, but you have got to get somebody who can do better before you make a change?

Mr. LOWE. Yes, sir.

Senator WALSH. Are the dyers classed as unskilled laborers? It is the hardest and most difficult labor, but does not require very much skill, does it?

Mr. LOWE. The present machinery has eliminated a great deal of the hard labor.

Senator WALSH. What do you pay the dyers, whom I believe are men from the ordinary occupations of life?

Mr. LOWE. I think about 40 cents an hour now.

Senator SIMMONS. Mr. Lowe, you said a little while ago that wages increased during the war about 172 per cent?

Mr. LOWE. Yes, sir.

Senator SIMMONS. How much did you increase the price of your product?

Mr. LOWE. I think probably the price of the product increased considerably less, because, together with the increased cost of wages, everything else went up.

Senator SIMMONS. Then you reduced wages 22½ per cent?

Mr. LOWE. Yes, sir.

Senator SIMMONS. You reduced the prices of your product the same amount?

Mr. LOWE. We reduced the price of our principal product from 39 cents to 18½ cents.

Senator SIMMONS. What percentage was that?

Mr. LOWE. Fifty per cent.

Senator SIMMONS. So you regard the present rate of wages that you are paying since the reduction as permanent, or are you anticipating a very considerable further decrease?

Mr. LOWE. It depends entirely upon business conditions.

Senator SMOOT. The price of cotton had a good deal to do with it, did it not?

Mr. LOWE. Yes, sir; cotton has advanced from around 10 or 12 cents up to 28 or 30 cents.

Senator SIMMONS. Not from the war price. Cotton is very much below the war price; it is not half the war price. Cotton has advanced from the low——

Mr. LOWE (interposing). Prewar price?

Senator SIMMONS. No; it has advanced from the price of last year. But from the price during the war cotton has fallen very much. In other words, the price of cotton, when you were selling your goods at an advance of 172 per cent during the war, cotton is now selling at nothing like so high a price.

Mr. LOWE. There is not such a wide difference in the price of cotton now compared with the high price in war times.

Senator SMOOT. What did you pay during the war?

Mr. LOWE. As high as nearly 40 cents.

Senator SMOOT. Let us take this particular grade of cotton.

Mr. LOWE. Take our grade of cotton, the highest price we paid any time was around 40 cents.

Senator SMOOT. And what is it to-day?

Mr. LOWE. It is 18 to 22 cents.

Senator SMOOT. About the same rate that your goods have borne?

Mr. LOWE. Yes, sir.

Senator SIMMONS. You say cotton is now 18 to 22 cents?

Mr. LOWE. Yes, sir.

Senator SIMMONS. You say you have cut your wages 22½ per cent, while you cut the price of your goods 100 per cent. What I am interested to know now is, are you contemplating cutting your wages further to correspond?

Mr. LOWE. I do not think there is any contemplation to do it. It depends entirely upon the demand for goods and the conditions.

Senator SIMMONS. You are basing your claim here for protection upon the present rate of wage that you are paying, and it appears that you have cut your wages since the war only about one-fourth, we will say, to the extent you have cut the price of your goods. That led me to expect that probably as soon as you possibly could you would make a further rather drastic cut in wages to conform to the cut you made in goods. I wanted to know if that is in consideration?

Mr. LOWE. I do not think that is in consideration. I do not think that follows naturally, because the amount that the market will pay for your goods determines the price at which you have got to make your goods.

Senator SIMMONS. I understand that. But you generally regulate your price in large part by the cost of production, do you not?

Mr. LOWE. Excuse me.

Senator SIMMONS. I say the price of your goods is generally fixed with some reference to the cost of production, is it not?

Mr. LOWE. Yes; of course. If the goods do not sell we do not make them.

Senator SIMMONS. The cost of production of goods, so far as the labor element is concerned, has not been reduced at all in proportion to the cost price of your goods, and I rather suspected if you could—I do not say that you can; I do not say that you ought to—but I rather suspect that when you can, having made that big cut in the price of your goods you would try to get the labor down.

Mr. LOWE. That is one of the costs of producing goods, of course.

YARN.

[Paragraph 901.]

STATEMENT OF STUART W. CRAMER, CHARLOTTE, N. C., REPRESENTING THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION.

The CHAIRMAN. You are in the manufacturing business?

Mr. CRAMER. Yes, sir; I am.

The CHAIRMAN. You come here as a manufacturer?

Mr. CRAMER. I do.

The CHAIRMAN. Will you make your statement to the committee?

Mr. CRAMER. Mr. Chairman, my remarks are directed to paragraph 901, Schedule 9—Cotton manufactures, which relates to cotton yarns.

In the first place, we indorse the scale of ad valorem rates in the Fordney bill based on American valuation with the expectation that corresponding increases will be made in those rates if the American valuation plan is modified and your rates are based on foreign values.

Ad valorem rates were the only yarn rates discussed by me with the subcommittee on cotton manufactures of the Ways and Means Committee in the belief that with American valuation specific rates were relatively unimportant. In fact, when asked by Chairman Green for suggestions as to specific rates, I made the above explanation when before his subcommittee.

Now, however, that some modification of the American valuation plan seems likely to be under consideration by you, the matter of specific rates becomes very important, and we respectfully ask for a scale of specific rates on a parity with the ad valorem rates of the Fordney bill. The specific rates that we advocate are embodied in the following proposed amendment to the second paragraph, paragraph 901 [reading]:

Cotton yarns, including warps, in any form, bleached, dyed, colored, combed or plied, of numbers not exceeding No. 40, four-tenths of 1 cent per number per pound; exceeding No. 40 and not exceeding No. 120, 16 cents per pound, and in addition thereto, fifty-five one-hundredths of 1 cent per number per pound for every number in excess of No. 40; exceeding No. 120, 60 cents per pound: *Provided*, That none of the foregoing, of numbers not exceeding No. 100, shall pay less duty than 7 per cent ad valorem and in addition thereto for each number one-fifth of 1 per cent ad valorem; nor of numbers exceeding No. 100, less than 27 per cent ad valorem.

In explanation of the ad valorem rates in the Fordney bill, I beg to say that included with all the available data submitted to the subcommittee at that time by us were American selling prices as given in the trade papers and the comparative prices fixed on cotton yarns and fabrics during the war by the price-fixing committee of the War Industries Board. No comparison was obtainable of American and foreign costs of conversion at the present time, nor would it have been of value even if it were obtainable on account of the difference in the extent of liquidation of the cotton industry at home and abroad.

In an endeavor to conserve the time of your committee as requested in the circular letter of your chairman, I beg to say that if you accept the ad valorem rates in the Fordney bill, paragraph 901, and in view of the fact that we ask only for specific rates on a parity therewith, the exact determination of those specific rates is merely a matter of comparison and computation for your experts; we are confident that the figures in our proposed amendment correctly represent the parity of which we speak.

It will be noted that we suggest no change in the plain gray single yarn rates, as those yarns may be considered to be the raw materials for the manufacture of advanced yarns and fabrics, as the case may be, and are not in danger of serious foreign competition.

I desire to call your attention to the effect on tariff rates of the increased cost of production both at home and abroad that exists to-day as compared to the cost of conversion at the time of the adoption of the Payne-Aldrich bill.

In illustration of this point, let us assume that the raw cotton in any yarn is 30 cents at home and in England. I take the value of the American cotton as being the same to the mills both here and abroad, for practically such is the case. Assuming the cost of the material in a given yarn as 30 cents, and assuming that before the war the conversion cost in America on an article made from this cotton was 30 cents, and the conversion cost in England one-half of what it was

here, which I think is approximately what the difference was, we will have the following result [reading]:

	In America.	Abroad.
Cost of raw material	$0.30	$0.30
Conversion cost	.30	.15
Total	.60	.45

which shows a difference of 15 cents, and 15 cents is 33⅓ per cent of 45 cents, the foreign cost; that is, an ad valorem duty of 33⅓ per cent would cover the difference.

Now, advance wages in both countries 100 per cent, with the same cost of material, and we get the following [reading]:

	In America.	Abroad.
Cost of raw material	$0.30	$0.30
Conversion cost	.60	.30
Total	.90	.60

which shows a difference of 30 cents, and 30 cents is 50 per cent of 60 cents, the foreign cost; that is, we would have to get an ad valorem duty of 50 per cent to cover the difference.

This is figured on the basis of the English cost being 50 per cent of the American, but the same principle would hold if the English cost were 60 per cent, 70 per cent, or 80 per cent of the American; that is, if the cost of cotton remains practically the same to the manufacturers in both countries and wages are increased proportionately in the two countries, higher rates, both ad valorem and specific, are necessary. Costs of conversion in the United States to-day are at least 100 per cent higher than they were before the war, due to increased labor costs, shorter hours of labor, and other labor conditions, and there is no question but what they will remain higher than they were before the war, regardless of whether they recede somewhat from the present levels or not. It is fair to assume that foreign costs will settle to a level of practically the same per cent above their prewar prices.

Senator SIMMONS. Right there—I know you are familiar with this question and I ask for information—is it your impression that the relative cost of labor in Great Britain and this country is about the same now as it was before the war?

Mr. CRAMER. It is not my impression that it is now in the textile industry, but it is my impression that when liquidation is completed at home and abroad, it will be on very much the same parity as it was before the war.

Senator WATSON. What is it now, Mr. Cramer?

Mr. CRAMER. That would require some discussion. For example, the increase in England, according to my best information, is 150 to 200 per cent, and the reduction at the present time is only about

17½ per cent from their war wage scale. We had our secretary, Mr. Adams, verify that on a trip he made over there recently.

Senator SIMMONS. So there is not very much difference?

Mr. CRAMER. At the present time there is not very much difference in the cost of conversion, anyway.

Senator WATSON. Not very much difference in the actual wage paid?

Mr. CRAMER. No; but it might happen there is, Senator, but probably not very much difference. Their reduction as yet is not as great as ours. What the exact difference is I do not know. That would involve a knowledge of their costs of conversion, which we, frankly, have not got.

Senator SMOOT. That is, the figures in wages are about the same in England as they have been in this country?

Mr. CRAMER. The decrease in England is about only 17½ per cent, in New England it is about 22½ per cent, and in the South it seems to run from about 30 per cent to 40, or even, I have heard in some cases, 50 per cent. But I do not know of any such case myself.

Senator SIMMONS. The increases here have been a little greater than in England?

Mr. CRAMER. Considerably greater, I understand.

Senator SIMMONS. But I understood you to say just now before the decreases the rate in England was very nearly the rate here, or substantially the same rate here.

Mr. CRAMER. I would rather answer that by indirection, if you will permit me, by saying that a great many fabrics that are normally competitive are sold at the present time cheaper in this country than in England, probably for that reason.

Senator SIMMONS. I am not speaking about the price of the goods; I am speaking about the labor cost in Great Britain and in the United States at this time. I understood you to say a little while ago that just at this particular time there was very little difference in the labor cost here and in Great Britain.

Mr. CRAMER. I do not know that there is much difference in the labor cost; I would not like to say there is or is not. I frankly do not know.

Senator SIMMONS. But, you believe that when the labor cost has been ultimately adjusted and brought down to a permanent basis that there will be the same difference in labor costs here and abroad as there was in prewar times?

Mr. CRAMER. I think so.

Senator SIMMONS. That is what I understood you to say.

Mr. CRAMER. That is exactly what I meant to say. [Reading:]

In conclusion, it is only with the greatest hesitation that we can bring ourselves to indorse the Fordney ad valorem rates with the specific rates that we have suggested, but we do so in the firm belief and conviction that present-day conditions, as heretofore outlined, will be taken fully into consideration in determining rates should the American valuation plan be modified and provisions be made for assessing duties on foreign valuations. Furthermore, I am asked to state by some of the mills making low-count advanced yarns that under present conditions, especially, they feel that the specific duties suggested are too low, as Germany and France are making special efforts to capture the trade on such yarns that are used in bulk for embroidery and are not covered in the special classification for embroidery yarns. Therefore, while indorsing the plain single gray yarn rates of the Fordney bill, these mills concerned request that consideration be given to these low-count advanced yarns and that a minimum specific rate of 6 cents per pound be considered by you instead of the 4 cents per pound as proposed in our amendment.

Senator SMOOT. I understood you to say nothing about the bleached cotton yarns, but understood you to confine yourself to unbleached yarns.

Mr. CRAMER. Bleached, included in the advanced yarn class.

Senator SMOOT. But you did not refer to any increase that you wanted in the bleached yarn. Do you want some increase proportionate with that on the unbleached?

Mr. CRAMER. We do.

Senator SMOOT. If you have the American valuation, for instance, are you satisfied with the specific rates in paragraph 909 covering unbleached pile and colored cotton yarn?

Mr. CRAMER. I am only asking for specific rates corresponding to the ad valorem rates in the Fordney bill, paragraph 901, which I indorse on the American valuation basis, and I have suggested leaving the computation of those specific rates to your own experts.

Senator SMOOT. The rates named in the Fordney bill?

Mr. CRAMER. Yes, sir. If you take those ad valorem rates and apply American selling prices, I think you will approximate the specific rates proposed in our suggested amendment.

Senator SMOOT. I want you to answer me yes or no. If we adopt the American valuation plan are the specific rates mentioned in paragraph 901 satisfactory to you?

Mr. CRAMER. I will answer that by saying no; but I would like the privilege of again saying that the ad valorem rates are satisfactory to us——

Senator SMOOT. If you do not have the American valuation, then you want, instead of one-fifth of 1 cent per number per pound on numbers exceeding 40, you say four-tenths——

Mr. CRAMER. We have not asked for any change at all on that first paragraph, relating to plain, gray, single yarns.

Senator SMOOT. What was the four-tenths of 1 per cent?

Mr. CRAMER. That was for the advanced yarns.

Senator SMOOT. Where is that?

Mr. CRAMER. It is page 104, line 4. That is the only change that we ask.

Senator SMOOT. That is the beginning of line 4 down to and including line 16, "Cotton yarn, including warps, in any form, bleached, dyed, colored, or plied"?

Mr. CRAMER. Yes, sir.

Senator SMOOT. All right. I understand it now, and I will change it accordingly.

Senator WATSON. To what extent has there been manufacture in Germany. Did they ever manufacture cotton in Germany to amount to anything?

Mr. CRAMER. They have a very large cotton textile industry in Germany.

Senator WATSON. They have now.

Mr. CRAMER. They have had ever since I have known anything about the business—for over 30 years.

Senator WATSON. To what extent has it been resumed?

Mr. CRAMER. I am told that it is now operating between three-fifths and four-fifths full. I do not know, but I presume that is true.

Senator WATSON. In your comparison of the wages of competing countries you were speaking with reference to England?

Mr. CRAMER. Yes, sir.

Senator WATSON. What is the situation in the German factory in regard to wages, if you know, and in connection with that will you answer the other question as to how many German imports of cotton manufactures are now coming into the United States?

Mr. CRAMER. I can not answer as to German imports. I can simply say that Mr. Fix, of the customhouse, informs me that in 1920 about $24,000,000 of yarns were imported from everywhere, and most of them, I understand, were from England.

Senator WATSON. So that you do not know what manufactures of cotton are now coming into this country from Germany, if any?

Mr. CRAMER. I do not.

Senator WATSON. Do you know anything about the wages paid over there in the same line of industry in which you are engaged?

Mr. CRAMER. In Germany?

Senator WATSON. Yes.

Mr. CRAMER. Only in a general way. Everything there is fluctuating so rapidly that I do not believe anyone knows a week ahead what to count on—certainly not a month ahead.

Senator WATSON. Are they very much below what they are in this country?

Mr. CRAMER. Very much.

Senator WATSON. Do you know about them in Japan?

Mr. CRAMER. I am told that the average wage for an adult there is 50 cents per day.

Senator WATSON. In cotton manufacturing establishments?

Mr. CRAMER. That is what I am told.

Senator WATSON. Are manufactures of cotton coming into this country from Japan now in any considerable quantity?

Mr. CRAMER. Yes; in some limited lines, especially crêpes—so Mr. Fix advises me.

Senator WALSH. China also, Shanghai, has a lot of cotton industries that compete?

Mr. CRAMER. Quite a large cotton manufacturing industry over there, supplying the trade formerly supplied by us and England.

Senator SIMMONS. Mr. Cramer, speaking about China and Japan, has the effort to establish the cotton industry in those countries been very successful?

Mr. CRAMER. To which do you refer, Senator?

Senator SIMMONS. China and Japan.

Mr. CRAMER. Yes; especially during and since the war. American machine shops, during the past two or three years, have been sending quite a large proportion of their output to new mills in Japan and China.

Senator SIMMONS. While they pay over there very much less wages per day, do they find that the labor costs in producing these goods is very much less than in this country?

Mr. CRAMER. I can best answer that by saying that I used to be president of a mill making standard sheetings that went to China, and that we no longer make those for China; they are supplied by Japanese and Chinese mills.

Senator SIMMONS. I am asking, because I have heard it suggested and I do not know anything about it. I have heard it suggested

that it has been developed in connection with the actual operation of some of those mills located in China that, by reason of the inefficiency of labor there, the final and actual labor cost was quite as high there as here, and I wanted to know whether that is true or not.

Mr. CRAMER. I do not believe that is true, but I do think the question of efficiency has an appreciable effect on their costs of conversion.

Senator SIMMONS. I know that.

Mr. CRAMER. I am sure of that; but modern cotton-mill machinery is largely semiautomatic. It is a matter of attendance rather than anything else. For instance, in my mill there are seats at the end of every frame, and if I go through the mill and do not see the people there apparently taking things easy, I know things are not running well; activity and bustle mean trouble.

Senator SIMMONS. That is true, but it is true of machinery in both countries. The question is as to the efficiency of such human labor as you have to employ, and while the per diem wage is much less there than it is here, in the end the labor cost, the part that represents human labor, is it not in the end substantially the same as here?

Mr. CRAMER. I do not think so, for the reason that the operation is largely one of attending machines. What does that attendance mean? In spinning, a boy of 14 can learn to do that as well as anybody in a few months.

Senator SIMMONS. You do not employ very much highly skilled labor in this country, and you would not have to employ very much in China.

Mr. CRAMER. It does not really work that way, Senator. Their relative inefficiency forces them to employ more people than we do to do the same work.

Senator SMOOT. How many looms does one hand run in your mill?

Mr. CRAMER. I only make yarn in my mills now.

Senator SMOOT. I mean in the southern mills?

Mr. CRAMER. In a mill where they do not use automatic looms a six-loom weaver is about the average; and with automatic looms, 16 to 24 looms to a weaver is the average on plain work.

Senator SIMMONS. Taking into consideration the inefficiency of Chinese labor, the Chinese labor that you speak of, that is the labor necessary to run a cotton mill, whether there are more laborers there than here, is not the difference in the labor cost in producing cotton less in Great Britain than in China?

Mr. CRAMER. I would not like to answer that, for I do not know; but I presume that the Chinese produce cheaper because, Senator, the Japanese and Chinese mills at the present time supply the Chinese markets as far as their capacity goes.

Senator SIMMONS. I do not want to be understood as speaking about the present time, because you have just said the labor cost in Great Britain and in this country to-day are practically the same; but you also said that if things assume their normal aspect with reference to labor, the difference between the labor cost here and in Great Britain would be about the same as it was before. But, assuming the labor, both in China and Great Britain, have fallen to prewar

labor conditions, on account of the greater efficiency of the English labor over Chinese labor would you say the labor cost in China was much less than it was in Great Britain. It was less than it was here, because our cost in prewar times was much higher than the cost in Great Britain.

Mr. CRAMER. I would say that the Chinese cost would be less than either in America or Great Britain, and that the Chinese will always be able to do what their mills are largely able to do now, to supply the Chinese market as far as their capacity goes.

Senator SIMMONS. The point I make is whether we could accept the labor costs in Great Britain as a basis for determining the difference in the labor cost here and abroad, and especially here and in China?

Mr. CRAMER. Well, we have accepted that in the past for the simple reason that our competition here is largely from Great Britain; but the bulk of our competition in China comes from the Japanese and Chinese being busy supplying the Chinese market.

Senator SIMMONS. They have not reached the point where they export cotton goods to this country?

Mr. CRAMER. No Chinese goods that I know of.

Senator SIMMONS. You spoke of Germany. You said the labor costs there were very low compared to ours to-day. Have you ever considered the question of how much more of the necessaries of life the wage that the American gets would buy as compared with the wage which the German gets. I ask that question because one gentleman before this committee when we had our other hearings—I do not recall who it was—said that he had been to Europe traveling, and that he had been in the factories there which were engaged in his particular industry, and that he had investigated the labor costs there as compared to here, and that he had also investigated the question of the cost of the necessaries and essentials of life there, and while he said the price paid to labor there in marks converted into American money would be very much less than the wages here, he also said that the wages he received in marks in Germany would enable him to buy as much meat, as many pounds of meat, as the laborer in this country in his industry could buy with the wage that was paid here.

Mr. CRAMER. I am informed that it does not do it, but that the German workman simply gets along with less.

Senator SIMMONS. It is not a question of whether he gets along with less, but a question, in my mind, whether what he gets will buy in Germany as much of the necessaries and essentials of life as the wage our laborers get will buy in this country.

Mr. CRAMER. I do not understand that he can, but that is not of my own personal knowledge.

Senator SIMMONS. That is a very important factor in connection with this very question that is presented to the committee.

Mr. CRAMER. We have heard it said, and I have reason to believe that it is true, that the variation in the exchange over there is so rapid——

Senator SIMMONS. It is not a matter of exchange; it is a matter of the wage he actually gets.

Mr. CRAMER. I thought you said "When the mark was converted into American money,"——

Senator SIMMONS. No; if converted into American money it would be much less.

Mr. CRAMER. That is the way you would get the comparison.

Senator SIMMONS. I am comparing now what is the potential purchasing power of the wage that the German receives in German marks where he buys the necessaries of life, as compared to the potential purchasing power of the wage which the American receives in the American market where he buys his necessaries of life.

Mr. CRAMER. I do not believe the German can buy as much as we can, or anything like that, on the wage he receives.

Senator SMOOT. In Germany, you know, the food is regulated by law, and not only the food but rents are regulated by law, and the German people can not charge any more than the law says that they can charge, and the wage that they do get goes a great deal further in Germany than the same wage would go anywhere else.

Mr. CRAMER. There is no question about that.

Senator SIMMONS. That is undoubtedly so, and that is the reason I gave credit to the statement of this witness that I spoke of, that the amount of money which the German laborer in his industry got for a day's work would buy as much of the necessaries of life as the wages that were paid men in his industry in this country could buy of the necessaries of life.

Mr. CRAMER. I do not know whether it would or not, Senator, but I do not see, if you will pardon me, how that would particularly affect us, except——

Senator SMOOT. You would have to be protected a great deal more on that score.

Mr. CRAMER. Exactly.

Senator SIMMONS. That is a matter of conjecture and argument. I am trying to get at the facts.

Senator WATSON. Do you export any manufactured products?

Mr. CRAMER. None at all now.

Senator WATSON. You export none?

Mr. CRAMER. None at all.

The CHAIRMAN. Just as a matter of personal information, what proportion does colored labor bear in this industry in your section of the country?

Mr. CRAMER. Really none, except common labor, unskilled labor on the outside; none in the mill at all.

Senator SMOOT. Do you use many girls in the weaving room?

Mr. CRAMER. Well, not much in weaving; but a number in spinning mills. In the South, we have villages in which we furnish all the houses practically rent free. We charge 25 cents a room per week, and that includes electric lights, waterworks, and sewerage. Part of the wage is free rent and such things. We have to take all the workers in a whole family; as a rule there is no other occupation in the town. The town is clustered around the mill and everybody is employed there, as a rule.

Senator LA FOLLETTE. You turn out just one product from your own mill?

Mr. CRAMER. Fine yarns.

Senator LA FOLLETTE. In the gray?

Mr. CRAMER. In the gray.

Senator LA FOLLETTE. Will you furnish to the committee a statement of the different yarns which you manufacture, and the labor cost in each unit of product?

Mr. CRAMER. Would you make that just a little more specific; do you want each different count? For instance, we make perhaps 30 counts of fine yarns; something like an average of that?

Senator LA FOLLETTE. Yes.

Mr. CRAMER. Yes, Senator, I will be glad to do that.

Senator LA FOLLETTE. Would you think that would be helpful to the committee here?

Mr. CRAMER. Yes, sir; probably.

Senator LA FOLLETTE. Then I want you to do the same thing that Mr. Lowe agreed to do, furnish this committee the wage scale paid in 1913 and in each year thereafter down to the present time in the different branches of your establishment.

Mr. CRAMER. I shall be very glad to do that also.

Senator MCCUMBER. Is that by the piece?

Mr. CRAMER. We run piecework as much as possible, almost entirely, and we pay by the week; so, will give you the weekly wages.

Senator LA FOLLETTE. And that will show the pay they receive. I think in your case that as a part of the wages you should at least accompany your statement with some explanation with regard to the rents furnished and other things furnished, because that is an element.

Mr. CRAMER. That is a very large element.

Senator LA FOLLETTE. An element in the living wage that each of your employees receives, and if one wanted to institute a comparison of the amount received by an employee, or the head of a family, or a family, with a standard of decent living as ascertained by the Government, it would be a material factor to have that, so I wish you would make it as complete as you can.

Mr. CRAMER. I will be very glad to do that.

Senator SIMMONS. Do you export to any extent your own product?

Mr. CRAMER. None at all.

Senator SIMMONS. Is it not a product that is exported from this country?

Mr. CRAMER. I do not know of anyone who exports it, because the foreign costs are less than the domestic costs.

Senator MCCUMBER. How do the selling prices now compare with the prices in 1914 before the war?

Mr. CRAMER. Well, I should say they are up, probably 60 to 80 per cent.

Senator MCCUMBER. Are they lower than they were at any time during the war?

Mr. CRAMER. Oh, my, yes.

Senator MCCUMBER. To what extent have you lowered them in the last two years, say?

Mr. CRAMER. We lowered them at one time to the prewar basis, and operated at heavy loss and curtailed production, but now the rise in the price of cotton has caused a rise in price and better demand, but even now it is neither a profitable enough business nor a business where there is a sufficient demand for us to run full. We are curtailing our operations now.

The CHAIRMAN. What percentage of your capacity is running?

Mr. CRAMER. This week we are curtailing Friday and Saturday.

The CHAIRMAN. What percentage?

Mr. CRAMER. That is the percentage, Mr. Chairman. We try to run full as long as we can, and when we curtail we stop a day or two days, because running full is the most economical way of running when you run at all.

Senator WATSON. If you have reduced wages on the average from 40 to 50 per cent in the South, and in New England they have reduced them 22½ per cent, you can compete with them in that same ratio unless you are producing a different line?

Mr. CRAMER. Thirty to forty per cent. That is not exactly true, Senator, because other conditions are different. For instance, I have a million dollars invested in a village, and I have erected churches, schools, and all such things, and that is entirely different from conditions in New England.

Senator WALSH. They have villages that do that in New England.

Mr. CRAMER. I think you will find that is only done in a few cases.

Senator WALSH. They have boarding houses and tenement houses. I live in a town where there are at least 500 tenements.

Mr. CRAMER. Does a mill company own them?

Senator WALSH. Yes.

Mr. CRAMER. That is not the rule. I am referring to the average mill, and I know that northern mills do not have villages as a rule; and that practically all southern mills do have villages.

Senator WATSON. It is pretty hard to make a comparison.

Mr. CRAMER. Yes; but I will endeavor to do so.

BRIEF OF STUART W. CRAMER, REPRESENTING THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION.

In accordance with the request of Senator La Follette and other members of your committee, I take pleasure in furnishing the information desired as to comparative prewar and present-day wages, costs of conversion, and living conditions maintained by southern textile mills in so far as they affect wage scales.

First, however, I beg to say that I notice from one or two press reports that some people did not quite catch the entire drift of my statement. They seemed to be under the impression that I asked a change in the specific rates only in case the American-valuation plan embodied in the House bill was to be modified in your bill.

For fear I gave a similar impression to some of the members of your committee, I beg now to state that what I wished to say was that while the bill was under consideration by the subcommittee of the Ways and Means Committee I made no recommendations whatever as to specific rates. When asked about specific rates by Chairman Green, I merely remarked that with American valuations ad valorem rates seemed to be the controlling factor and that I, therefore, had no special suggestions to offer as to specific rates at that time. Therefore, the committee went into the subject of ad valorem rates with us very fully and finally adopted certain ad valorem rates, which were not all that we had asked but which represented so much study, investigation, and thought by the committee that I concluded to indorse them despite the misgivings of some of our members. But the recent agitation in the newspapers for modifications in the American-valuation plan, has directed our attention to the importance of correct specific rates as well as correct ad valorem rates. Therefore, whether the American-valuation plan is adopted or is modified by your committee, I beg to ask that you make the specific rates in your bill correspond to the ad valorem rates of the House bill or to whatever scale of ad valorem rates you decide upon.

Representation was made to Chairman Green and his subcommittee showing that yarns had not usually been treated logically in prior tariff discussions; that plain gray single yarns were the basis from which both advanced yarns and cloths were manufactured; that many advanced yarns had much higher costs of conversion and correspondingly higher selling prices than many cloths manufactured from the same average number of plain gray single yarns. Among other authorities considered by Chairman Green and his committee were the comparative prices fixed on textile yarns and fabrics by the Price Fixing Committee of the War Industries Board during the war. They were

based upon relative costs of conversion and were intended to allow an equal percentage of profit to the different mills making each kind of yarn or fabric. All of that data was, I believe, in possession of the Tariff Commission and available to the House committee, the result of which, I again beg to say, was that the House bill recognized the general principle that plain gray single yarns constituted the raw material from which both advanced yarns for the trade and cloths were made and gave ad valorem rates to each that seemed fair and equitable. So, I again repeat that what I meant to ask of your committee was to make the specific rates in your bill on advanced yarns correspond to whatever ad valorem rates on those yarns you finally decide upon.

SUPPLEMENTAL DATA FROM THE RECORDS OF THE MAYS MILLS (INC.), CRAMERTON, N. C.

Comparative weekly wages of operatives.[1]

[Number of hours worked per week: From 1914 to 1919, 60 hours; from 1919, 55 hours. Half holiday on Saturdays.]

CARD ROOM.[2]

Year.	Men.			Boys.		
	Highest.	Lowest.	Average.	Highest.	Lowest.	Average.
1914	$12.82	$6.60	$8.50	$7.50	$6.00	$6.50
1915	15.62	7.50	9.00	8.00	6.00	6.75
1916	14.25	6.60	9.00	8.00	6.00	6.75
1917	18.56	6.74	9.75	8.50	7.00	7.50
1918	27.55	8.44	18.00	12.00	7.50	9.00
1919	29.45	15.67	23.00	17.00	13.20	15.00
1920	43.57	18.00	30.50	18.00	14.00	16.00
1921	28.87	13.20	17.50	13.20	9.00	10.50

SPINNING ROOM.[3]

Year.	Men.			Women.		
	Highest.	Lowest.	Average.	Highest.	Lowest.	Average.
1914	$7.20	$6.00	$7.00	$10.90	$6.00	$7.50
1915	8.50	6.25	8.00	11.00	6.25	8.00
1916	9.00	6.50	8.60	11.00	6.50	8.00
1917	12.00	7.00	9.00	16.80	7.00	9.00
1918	23.10	7.80	17.00	24.82	10.50	15.00
1919	29.70	14.50	20.00	25.60	12.00	18.00
1920	38.00	17.00	31.00	37.00	24.50	29.00
1921	21.84	13.20	18.00	25.38	15.00	17.00

Year.	Boys.			Girls.		
	Highest.	Lowest.	Average.	Highest.	Lowest.	Average.
1914	$6.50	$4.50	$5.50	$8.50	$5.50	$6.50
1915	7.00	4.50	5.75	9.00	6.00	7.00
1916	7.50	5.00	6.00	9.25	6.50	7.50
1917	9.00	6.00	7.50	9.50	7.00	8.00
1918	10.50	7.80	9.00	12.00	8.00	10.00
1919	15.00	8.50	11.00	16.00	9.00	12.00
1920	20.00	15.00	17.50	21.00	14.50	16.50
1921	18.15	13.20	15.00	18.54	9.60	12.00

[1] All the operatives are white except the common or unskilled labor employed outside and about the warehouses, which is colored, and varied from $5 to $7 per week in 1914 to $22 to $25 per week in 1920; to-day it is paid from $9.63 to $11 per week with free house rent and other advantages, such as electric lights, water, sewerage, a hall for school, social gatherings, and church, although only about 25 are employed, with a population of probably 100.

[2] Includes picker-room help. No women or girls employed in card rooms.

[3] Includes twisting and finishing operatives.

NOTE.—To each of the above weekly wages should be added $4.36 in lieu of house rent and other village expenses. (See statement of village expense attached.)

As already stated, in a southern mill village the houses are clustered around the mill and there is usually no other employment available, so the mills are compelled to employ all the workers in a family—good, bad, and indifferent. Whereas in cities like Fall River, New Bedford, and other northern cities the better operatives only need be employed and the others can find other kinds of employment elsewhere. Thus, in the South one finds the greatest difference in efficiency of the workers and corresponding differences in wages. There can be no uniform wage scale under such conditions.

The machines in a ring-spinning mill are all semiautomatic and but few very skilled workers are required, compared to a weave mill with its skilled weavers, loom fixers, dyers, and finishers. Therefore, the average wage is not an arithmetical average of the highest and lowest, but is simply the average of all in the mill who work full time. Many women and girls, especially, work only two, three, or four days a week, as suits them and as their family means permit. In some families the yearly income runs up to $3,000, with no rent and other expenses below normal. The average income now of a family with two workers is about $1,700. In spinning many women are more expert than men and boys, and make more accordingly. No discrimination is made on account of sex, workers being paid by the piece when possible and otherwise according to their actual performance entirely. It is work especially suited to women, because it is largely a matter of "tending," and there are seats on the ends of the machines where the workers sit down and rest much of the time while overlooking their machines. Well-running work means a minimum of attendance and also means the best quality of product; so overseers and second hands watch it closely and the management supplies good cotton, for a good product commands the preference in the market.

In a modern mill, such as the Mays, all the air is washed every few minutes; mechanical ventilation charges the air every 10 to 20 minutes, and both heat and humidity are automatically regulated, conducing toward not only the health of the operatives but toward better running work, for the fibers are thus in the best condition for manipulation. This is one of the increased costs of conversion, and vastly more attention is paid to these things in modern American mills than in foreign mills.

In short, sanitary and favorable health conditions have become very highly developed in industrial America: some people think too much so, although I can not agree to that point of view, as is shown by the heavy expenditures that I allot in my mills for that purpose. My belief is that labor troubles are best solved by prevention—that a man will be contented when he has a happy home life with good surroundings, such as schools, churches, amusements, and a fair share of the comforts and necessities of life for his family.

So I protest against too much thought being given to prewar conditions, prices, wages, tariff rates, and the like, and beg for everybody concerned that we be given rates that will enable us to maintain the new standard of living to the greatest possible extent.

I am aware that this program will not suit the importers who are pleading for prewar rates or less and whose long-drawn-out briefs and specious arguments are directed toward trying to make you believe that the abnormal conditions abroad render no longer necessary much protection to American industry. It is our belief that the dire necessities of foreign countries will drive them to soon crowd us with a more ruthless competition than has heretofore been dreamed of. Of course, we can and will be compelled to meet whatever they bring against us, but it is only the strong hand of the American Government, through its tariff rates, that can keep up a decent standard of living for American working people.

VILLAGE EXPENSE IN THE SOUTH AS AFFECTING WAGES AND COSTS OF CONVERSION.

No comparison of prewar expenses can be made, for the size of plant has greatly changed, and to-day's standard of living conditions were brought about from 1917 on and are just now being completed. Next year (1922) will show an even higher expense, for the reason that the full weight of upkeep, etc., did not fall on 1921, as the work is only just being completed.

Items.	1921	
	Jan. 1-Nov. 30.	Jan. 1-Dec. 31, pro rata.
Insurance and local taxes	$6,398.64	$6,980.39
Depreciation	38,950.79	42,491.76
Interest at 6 per cent	55,633.83	60,691.44
Miscellaneous: School expense, minor repairs, garden and farm services, street cleaning and upkeep (not including police, nurse, or welfare workers)	29,337.98	32,005.04
	130,321.24	142,168.63

Cost of village, approximately $1,000,000.

Village equipment: Real estate, improved streets and sidewalks, dwellings, hotel, gardens, schools, churches, halls, welfare buildings of the Y. W. C. A. and Y. M. C. A. type, athletic field, parks, electric lights, water works (13 deep wells), and sewer system.

Average number of operatives worked during 1921 was 628.

Average number of population, 2,000.

Average size of family, 5.

Average village cost per operative 142,168.63÷628=$226.58 per annum, or $4.36 the week.

No rent is charged, only a nominal charge of 25 cents per room per week for electric lights, water works, and sewerage.

No rent was received on the hotel, as it was leased with the understanding that rates were to be made to the operatives accordingly.

A modern dairy and orchard is operated at cost, with several thousand chickens, so that with cheap day-old fresh eggs, pure milk, pure water, and sanitary conditions sickness is the exception and health the rule.

The company runs an ice plant and cold storage for the operatives, but no stores. The stores are modern and well supplied, and the proprietors are under the mill supervision to insure low prices and good quality.

COMPARATIVE COSTS OF CONVERSION.

Our costs of conversion are only kept on a basis of the average number of yarn spun during the year.

Average yarn No.	Cost of conversion per pound.	Year.	Average yarn No.	Cost of conversion per pound.	Year.
45	$0.1452	1914	48	$0.3166	1918
51	.1274	1915	53	.3309	1919
48	.1558	1916	54	.4594	1920
47	.2011	1917	44	.2865	1921

From 1914 to 1917 the costs were lower on account of longer hours of work, lower wages, and less expenditure for better working conditions; 1920 costs were especially high, because of high wages and demoralized conditions generally after the war.

Note particularly that 1921 cost of conversion for practically the same average number of yarn is approximately double the cost of 1914.

Respectfully submitted.

STUART W. CRAMER.

SEWING THREAD.

[Paragraph 902.]

STATEMENT OF W. H. HALL, SOUTH WILLINGTON, CONN., REPRESENTING THE UNITED STATES THREAD COMMITTEE.

Mr. HALL. Mr. Chairman, there is my case in a nutshell [handing the chairman a paper].

Senator McLEAN. In what paragraph are you interested?

Mr. HALL. Paragraph 902.

Senator McLEAN. Have you given your name to the reporter, and have you told him the interests that you represent?

Mr. HALL. W. H. Hall, South Willington, Conn. I am chairman of the committee representing the thread manufacturers of the United States.

Senator McLEAN. Do I understand that you speak for the American Thread Co.?

Mr. HALL. I speak for the combined thread industry of the United States. We had a meeting at which about 85 concerns were represented, and they appointed a committee of five and selected me as their chairman, and I represent the thread industry of the United States.

The CHAIRMAN. Then there will be no other speakers for that industry?

Mr. HALL. I think there will not be.

The CHAIRMAN. Very well, sir.

Mr. HALL. Paragraph 902, of about seven lines, reads as follows:

Cotton sewing thread; crochet, darning, embroidery, and knitting cottons put up for hand work, in lengths not exceeding 840 yards; one-half of 1 cent per hundred yards.

All that we are asking for is a schedule that will cover our industry. We are not asking for any modification of the specific rate or ad valorem duty.

In this paragraph you will notice that it says cotton sewing thread put up for hand work. That would seem to limit the thread to thread put up for that purpose. Probably 95 per cent of all the thread that is manufactured is not put up for hand work, but is put up for machine work; hence we ask that paragraph 902 be amended so that it shall read: "Put up for hand work or machine work."

Senator SMOOT. And you want to cut out the length of 840 yards?

Mr. HALL. Cut out the 840 yards.

I do not know why that was put in here. We certainly never advocated it, and it certainly does not cover our industry. Under this paragraph 902, it would protect this little ball that I have in my hand, but it would not protect this one at all, which is exactly the same stuff. It would protect these two spools that I have here, but it would not protect these three [indicating]. It would protect this one here, but it would not protect these two [indicating]. It would not protect any of these, and these are all goods that I manufacture, all are in excess of 840 yards, and all are put up for the manufacturing trade.

Senator SMOOT. Then it would fall under the basket clause. Let us see what protection you would get.

Senator McCUMBER. Do you recall what it would be under the basket clause?

Mr. HALL. Yes. If you will turn, Senator McCumber, to page 180, paragraph 1457, I think you will find what you are looking for.

Senator McCUMBER. Twenty-eight per cent ad valorem?

Mr. HALL. Twenty per cent, is it not?

Senator McCUMBER. It says 28 per cent in paragraph 920.

Mr. HALL. Paragraph 920?

Senator SMOOT. Page 113, line 5.

Mr. HALL. Gentlemen, I am wondering if we are not specifically provided for. Doesn't this article cover thread?

Senator McCUMBER. I think it does. It says any cotton.

Mr. HALL. That article has been put in there and there always has been an article in every tariff bill specifying thread. If the industry is to receive any consideration at all, why not have that article so plain and so short that it will take in just what we manufacture?

Senator SMOOT. I see exactly what you want. What I was wondering was why you wanted to come in here with the items you say are not protected at all when you really are protected here. Your protection may even be higher, because it says here, "Not less than 17 nor more than 33⅓ per centum ad valorem."

Mr. HALL. Why not put all that we manufacture under this article so that we will not have to be basing a tariff on three or four different articles.

Senator SMOOT. I suppose the reason it was put in here was not for thread. There is a semicolon after the word "thread." Then it takes in crochet, darning, embroidery, and knitting cottons.

Mr. HALL. What is true of thread is also true of these things here. We find them in exactly the same ratio.

Senator SMOOT. Your statement is absolutely correct; there is no doubt about that. I wanted you to get in your mind, in view of the fact you stated you were not protected, that in my opinion you are protected to a greater degree than if you should fall under paragraph 902.

Mr. HALL. That article says these things not specifically provided for. Cotton thread is specifically provided for.

Senator SMOOT. But it says here, "all articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton, or of which cotton is the component material of chief value, not specifically provided for, 28 per cent ad valorem." They are not specifically provided for because of the fact that they do not fall within the definition here, as enumerated in paragraph 902.

Mr. HALL. Why stop with 840 yards? Why not put our industry in six lines, which you can, and let that cover it?

Senator SMOOT. The object that the House had in mind was that they did not want these darning yarns, which, perhaps, may be used for other purposes, to fall into the same paragraph in which other yarns such as skein yarns fall, because these are simply for hand work, for home consumption, you might say, direct from the mill. These others are yarns that are sold for further manufacture. That is the object in using that limitation on the yardage.

Mr. HALL. Why did they put in for hand work?

Senator SMOOT. As to that, I think you are perfectly right.

Mr. HALL. That would cut out 95 per cent of all the stuff we manufacture.

Senator SMOOT. I think you are correct. All of that falls within paragraph 920.

As to these darning yarns, they may be exactly the same yarns as are put upon the large skeins, or, as far as that is concerned balings made at the same time but only put up in a different way. So there have to be limitations. For instance, these are in lengths instead of warps, and they come under a lower rate of duty under this bill. This provides here for these to be used by hand and not to be used by machinery for further manufacture; and where they are for machine work they are provided for in another part of the schedule. In your particular case they are for hand use. Of course, they would fall under paragraph 920. If I were going to administer the law, that is what I would do with them. That is what I would assess importations on in dealing with that class of goods.

Senator MCCUMBER. Would you be satisfied with 28 per cent on the other class of goods which you say does not fall within the schedule?

Senator SMOOT. Are you safe with 28 per cent?

Mr. HALL. I do not know what we are going to be safe with in the future. It is an experiment. I am willing to take a reasonable chance.

Senator SMOOT. The only other way to do it would be to make two separate classifications in this paragraph and leave out here the limitation as to the length of the skein or the length of the bobbin or spool, or whatever it is put upon, and then have another one to put the length in.

Mr. HALL. I am primarily interested in the thread; that is what I want to see protected.

Senator SMOOT. I think you are protected, if the 28 per cent will protect you; if 28 per cent will not protect you, of course it will not do. Not only are you protected here, but in another way, too, because it says not less than 17 per cent here nor more than 28 per cent, in the other paragraph.

Senator MCLEAN. What is the occasion for the difference in the allowance here?

Senator SMOOT. I do not know just what the House had in mind, but, as an example, taking darning yarns and crochet yarns, one can be made of much lower stock than the other. One may be carded and the other may be——

Senator MCLEAN. Isn't the manufacturer subjected to the discretion of some one?

Senator SMOOT. No; not at all. I do not think there is any discretion here at all. I am perfectly willing to give you the protection you ask. What you say is true, that that thread will not fall within paragraph 902. You are right about that. There is no doubt about that, considering the limitation on the length of the skein or the spool, but it is not provided in any other way except in the basket clause, and that is section 920.

Mr. HALL. Then, we will have two different rates upon thread, depending upon the length, when it gets on the market.

Senator SIMMONS. I would like to hear Mr. McCoy give his views on this.

Mr. McCOY. The bill says that all material, no matter how it comes up, pays this rate. It does not make any distinction as to how it comes. All sewing thread pays the same rate of duty.

Senator SMOOT. You do not have a comma there; you have a semicolon.

Mr. McCOY. Yes; a semicolon.

Senator SMOOT. After the semicolon it refers to the length. Now, if any of the crocheting or darning or embroidery or knitting cotton is more than 840 yards in length, then, of course, they fall within the basket clause.

Mr. HALL. Your interpretation of the clause is that 840 yards would refer only to crocheting, darning, embroidery, and knitting cottons?

Senator SMOOT. It can not go back of the semicolon.

Senator McCUMBER. There can not be any question about that.

Senator SMOOT. It can not go back of that. If that were a comma, it would be a different thing.

Senator McCUMBER. In other words, the cotton sewing thread bears one-half of 1 per cent per hundred yards. That also applies to the other.

Senator SMOOT. Following the word "yards" is a semicolon. That is the end. We might have put another class of goods in there. Then it would go on the same; then there would be another semicolon.

Mr. HALL. If that is the interpretation and that would be the application, I think I could subscribe to it.

Senator SMOOT. Well, take any other part of the bill and you will find that to be the case. As an illustration, take paragraph 903. There we commence with "cotton cloth, not bleached, printed, dyed, etc." It goes down to the semicolon. That is all that is applied to that semicolon. After the semicolon there is another rate entirely. It is a new proposition, a new kind of goods, and the rate applies to that particular kind of goods within that sentence.

Senator McLEAN. You might consider this matter and communicate with the committee with regard to it, as there is no dispute about the rate. You do not ask for an increase in the rate?

Mr. HALL. I do not ask any change in any shape, form, or manner.

Senator SMOOT. We want you to feel perfectly safe. We want your industry protected the way you want it protected. If there is any question at all about it, it will fall within the basket clause.

Mr. HALL. That handwork——

Senator SMOOT. That applied only to darning, crochet, embroidery, knitting cottons, and it applies to those only when in length not to exceed 840 yards.

Mr. HALL. As I say, if that is the interpretation and that would be the application I can rest my case.

Senator SMOOT. We will ask Mr. Fix, who is here, and who administers it.

Mr. FIX. I bear that out.

CLOTH.

[Paragraphs 903–908.]

STATEMENT OF HENRY F. LIPPITT, PROVIDENCE, R. I., REPRESENTING THE COTTON MANUFACTURERS.

Senator SMOOT. Are you going to refer to yarns, Mr. Lippitt?

Mr. LIPPITT. The cloth schedule only.

Senator McCUMBER. What paragraph is that?

Senator SMOOT. It begins with 903.

Mr. LIPPITT. I did not expect to take any part in the preparation or discussion of this cotton schedule at this time. I had hoped to leave that work to younger hands, but, sirs, this cotton schedule, I believe, is the most revolutionary piece of tariff legislation that the Republican Party has proposed since Abraham Lincoln signed the first Republican tariff bill in 1864. It applies to an industry representing over a billion and a half of dollars and employing several hundred thousand people. There depends, I believe, upon your action on this schedule whether the traditional prosperity of my native State shall stand or fall, and I think I can say the same about my neighbor, the great Commonwealth of Massachusetts.

I want to call your attention, in the first place, to the great variety of products that are produced under the general name of cotton and cotton manufactures. I think the idea in the minds of the people generally is that cotton is a homogeneous product. It is far from it. I am speaking of the raw cotton. It is of great variety, depending upon its condition, as to whether it is clean or otherwise, upon the color, length, diameter, character, and strength of the staple of which it is composed; and these variations are measured in the market price of the article, which varies to-day from a minimum price of perhaps 10 or 12 cents a pound to a maximum of 40 cents or more.

What applies to the raw material cotton applies in greater degree to the finished product. There is no textile fabric that is used for such a large variety of purposes as the manufactures of cotton. Neither wool nor silk nor flax has such a variety of uses. It goes into products that are as different in their methods of manufacture, in the uses to which they are put, in their competitive relations to each other, as though one were made out of cotton and one were made out of steel.

For instance, an automobile tire has no commercial relation to a corset lining. They can not be woven on the same loom. A piece of sail cloth has no competitive relation to the product of our fine spun yarns, which produce a fabric that is almost like silk.

There may be at the same time a great scarcity of one in the market and a high price; there may be a great quantity of the other in the market and a low price. The two prices are not affected at all by the fact that both cloths are made out of cotton.

The result of this condition is that it is a very difficult matter to have a tariff written in a simple formula and have it equitably apply to the great variety of product it is supposed to cover. It has resulted in this bill in great inequalities of rates, which I propose to try to explain to you.

Now, coming to this schedule, the cloth division of the schedule is based on the assumption that there is only one cause for variations in the cost of textile fabrics that justifies a discrimination in duty. It is based upon the idea that as the yarn grows finer there should be an increased duty on account of the increased labor cost that results from that change. That there should be an increase for this reason is, of course, correct. It has been recognized in every tariff schedule that has been written that is connected with cotton goods.

The duty that is assessed for that cause in the bill varies from a low duty of 10 per cent—and I am speaking now of the ad valorem minimum—to a maximum of 33 per cent.

I have brought here, because I thought it might interest you gentlemen, one of these very fine cotton cloths. It is much like silk. I will say to you, gentlemen, that it is a product of the native State of Senator McLean, the State of steady habits, and it takes very steady machinery and very steady fingers to produce such a fabric as that.

Let me explain to you the operation of the cloth schedule. It is based upon a gradually varying duty, as I have said, as the yarns grow finer. It is made up of two factors, a specific duty, and an ad valorem duty. The specific duty consists of a formula that results in placing a duty of so many cents a pound on the cloth made from the different yarns. The ad valorem duty prevents the ad valorem equivalent of that specific duty becoming too low.

For instance, if you take a piece of cloth made with No. 30 yarn, the duty is 12 cents a pound. If the cloth costs 48 cents a pound, that 12 cents a pound is equivalent to a duty of 25 per cent.

If the cloth costs 60 cents a pound, that specific duty would be equivalent to an ad valorem duty of 20 per cent. If the goods cost 84 cents, that specific duty would be equivalent to an ad valorem duty of about 14 per cent and a little over.

Senator WATSON. You are speaking of the proposed law?

Mr. LIPPITT. I am speaking of the law as it came to you from the House.

I say that at a cost of 84 cents a pound the duty would be 14 per cent and a little over, but at that point the ad valorem basket clause comes into effect and the duty is so fixed that on all cloth in the gray that costs 84 cents a pound and above, made from No. 30 yarn, the duty is 15 per cent. On cloth less than 84 cents there is a specific duty, which gives varying protection running from 15 to 25 per cent on prices that have recently prevailed.

Gentlemen, there is a large number of the finer, artistic manufactures of cotton made from No. 30 yarn whose value is not only 84 cents a pound but it is far above 84 cents a pound.

These cloths are very difficult to make, of great artistic merit, and the conversion cost of them as compared with the ordinary fabric I have just been discussing is very great. They are cloths that heretofore have been in the higher range of duties of the cotton-cloth schedule, whereas in this bill they are assessed at the very lowest rates. They are the goods that are most likely to be imported. The best way I could think of having you realize just what is meant is not by describing them but by showing them to you.

I am going to take the liberty of showing you some samples, because the only way that I can impress upon you the variety and

extent of this industry is to let you see the actual things. I am going to apply the duty to two or three of these as characteristic of the whole. I am sure you will excuse me for taking up a few minutes in showing you these products, because they are things of great beauty, possessing very artistic qualities. Some of them are made on Jacquard looms with drop boxes; some are made on dobby looms; some are made with lenos and other figure-weaving devices. As I go along, you will see that these are not the products of any one mill; they are products collected at random from several of the New England mills.

Senator WATSON. Mr. Lippitt, please illustrate your argument with your exhibits.

Mr. LIPPITT. I will, Senator, in just a moment.

Senator WATSON. With the cloths.

Mr. LIPPITT. Yes, if the Senator will indulge me just a moment.

Senator WATSON. Certainly.

Mr. LIPPITT. I want to say that these do not represent one one-hundredth of the varieties of cotton fabrics that are being made in New England mills. The mill that I run is producing over 2,500 different styles of cloth for our customers to select from. They are doing that from 10,000 looms. We do not run, on an average, over four looms to one fabric. I assure you, gentlemen, that is a very large undertaking.

Senator WALSH. These are from your factory, are they?

Mr. LIPPITT. No, sir; they come from a number of the New England factories and are simply taken at random to show the variety of things produced there.

Senator WATSON. Are these all for dress goods?

Mr. LIPPITT. Some of them are. They are for a variety of uses. Some of them are decorated with silk, because in the attempt to meet the competition that New England is subject to we have to resort to every expedient.

Let me say at this time that there is no industry in the United States that is so competitive as the cotton-manufacturing industry. We have not merely the competition of our own domestic mills operating under similar conditions of climate, labor, fuel supply, and all that, but we have the very intense competition of a separate section of the country in which there has grown up a very able set of mill operators, and they are enabled to run mills there, owing to local conditions, longer hours than we are, and to pay their operatives lower wages.

It has been a very difficult task for New England to compete with them. We have never objected to this competition. We do not object to it now. We have at no time objected to any American citizen running his factory at the utmost efficiency of which he is capable, but we had to meet that competition in some way. I can remember 20 years ago, when all my friends in the cotton industry told me that New England was doomed as a cotton-manufacturing place; that it would never be able again to expand its mills. We met that situation, but not without great effort. We met it, not by trying to reduce the wages of operatives, but we met the competition by making a better article. It has been New England's effort and New England's pride that the things that New England turns out should be of a quality equal to that of any other part of the

world. I want to tell you, sirs, that this piece of goods [exhibiting fabric] can be made by very few mills in the world.

Senator WALSH. I can confirm what you have said.

Senator SMOOT. This industry has not only been put to a great deal of expense, but it has practically been forced to build new plants.

Mr. LIPPITT. Yes; it has involved all those things. It has involved practically the creation of a new industry.

When I first went into the cotton industry more than 40 years ago, and was superintendent of a mill, it was considered to be a complicated mill. It made 10 different styles of goods on a thousand looms. Compare that with the present.

This [indicating] is a very expensive piece of goods. It is made for embroidered skirting

Here is another fabric along the same lines. You see that there is an infinite variety of them.

Here is a thing that is very popular at this time, just temporarily. Here are two different patterns of it.

These are all dress goods that I am now showing you.

This is a drapery pattern. This is one of the simplest forms of drapery. These things get a little more elaborate as I go along. I think that you will find that this is not a disgrace to any cotton mill. It is something, Senator Simmons, that the South has not yet equaled.

Senator SIMMONS. It is very pretty; but what is it used for?

Mr. LIPPITT. It is a window curtain. There is one that has a border at one side and the bottom.

Senator WATSON. Is that drapery too?

Mr. LIPPITT. Yes; these are all draperies. There is a rather nice thing for children, for the nursery curtain.

Senator WATSON. What is the price of that?

Mr. LIPPITT. I can not answer that, because some of these things are not being made now. I asked some of my neighboring mills to send me samples. I said, "I do not care what you send me. I do not ask you to send me things you are now making; I want simply to show the range of the products of these mills." They may not be made to-day, and they may be made to-morrow.

This is an imitation of a lace curtain. That is a complicated thing there. It comes very close to a lace fabric.

Perhaps I have shown enough of these, but I do think that they are instructive.

Here is another type of goods that is being made. It is full of color. I am going to talk about the dyestuffs question a little later on. Perhaps you will bear these things in mind.

This is a rather nice design. They are all original designs of the mills that make them. They are not copies of anybody. In fact, the fundamental doctrine of the fancy-goods mills that are successful is to find out what your neighbor is making and then to make something different. You can not be successful by being an imitator. You have to originate.

Here is a pretty thing, I think. That is a nice fabric.

Here is another pattern of the same general type of goods. I know that you want to save time. I hope that you will not think that I am taking too much of your time, but I believe that for the committee to understand the things that I am going to talk about you must actually see these things.

Gentlemen, compare that [indicating] with print cloth. That is never competitive with print cloth. Print cloth is a necessity; this is a luxury.

We have had to go into other things. We can not always depend upon cotton to give us a variety.

Here is a piece of goods ornamented with silk and made in cotton mills. This piece of goods comes under the cotton tariff, cotton being the material of chief value. It is a very pretty fabric.

Here is one that, although it is made in a cotton mill—and I thought I would bring this along to show you—does not come under the cotton schedule, but does come under the silk schedule. Nevertheless, it is a part of New England's plan to maintain her industry there.

Gentlemen, I said to you a few moments ago something about the provisions under this schedule. The Senator from Wisconsin was not here at that time. If you will permit me, I shall repeat what I said before he came in. I said that this schedule consisted of a varying specific and ad valorem duty on cloths, and that if a cloth made from No. 30 yarn sold at 48 cents, the duty would be 12 cents per pound, equal to 25 per cent; if it sold at 60 cents a pound, this duty would be equal to 20 per cent; if sold at 84 cents a pound, the duty would be a little over 14 per cent; and that at that time there was an ad valorem provision to prevent any cloth going below 15 per cent.

A standard cloth that comes under these specific clauses and is made in large quantities is a 39-inch cloth having 80 threads to the inch in the warp and 80 threads to the inch in the filling, 4 yards of which weigh a pound. I have here a sample to represent that cloth. It is not exactly the same thing, as I mislaid my sample, but it is very close to it in appearance. The price of that 80-square cloth has been as low as 48 cents a pound, and it is selling at about that price now. The duty, therefore, on this piece of quite easily made plain cloth is equivalent to 25 per cent.

Senator McCumber. Ad valorem?

Mr. Lippitt. Equivalent to 25 per cent ad valorem. Let me say, incidentally, that that price is below cost, and was at the time the goods were sold at that.

Senators, the conversion cost of that piece of cloth is about 45 per cent. By "conversion cost" I mean all the costs of manufacturing the cloth other than the cost of cotton. The cotton in that piece of cloth costs about 55 per cent; the other costs are about 45 per cent. On it there is a duty varying with the conditions of the trade. It is a proper variation and I am not criticizing it.

Here is another piece of goods made out of the same numbers of yarn as this piece of plain cloth. It is woven on a Jacquard loom with a drop box. The cotton in it cost about 25 per cent of the total cost, and the conversion cost was 75 per cent. It is a highly expensive fancy weave, and the total cost of it was about 125 cents per pound. But the duty on it is only 17 per cent. It represents the situation which applies to a very large proportion of the fancy goods that are made in the country, and it shows that on the goods of the highest conversion cost there is a very much less duty than on the goods of ordinary cost.

It is a piece of dress goods. Here is another sample of dress goods to which what I have just said applies in the same way. It is made

out of about the same number of yarns and is of equally expensive construction, and the duty on it also would be about 17 per cent. Here is a third sample to which the same conditions apply. All of these are dress goods, and a large variety of other samples could be produced to show the same condition that I have already illustrated. The duties under this bill on ordinary, plain, standard cloths of the simplest construction are materially higher than on many of the highly expensive decorated fabrics, where the competition is keenest and the necessity of protection the greatest.

Senator SIMMONS. What is the effect? One has a specific duty and another has an ad valorem duty. How does it affect you, considering the American valuation plan?

Mr. LIPPITT. There has been a great deal of discussion of the American valuation, Senator Simmons. I will tell you how I figure the American valuation. I think that on this cotton schedule the American valuation plan is equivalent to an increase in duty of 5 or 6 per cent.

Senator SMOOT. Not per cent of duty?

Mr. LIPPITT. On the cloth; that is, if the duty were 25 per cent, I think it would be increased to 30 or 31 per cent. I will tell you how I figure it. Let us suppose that we have a cloth that is worth 20 cents a yard in the United States and that is worth 16 cents a yard in foreign countries and that there is a 25 per cent duty on it.

Twenty-five per cent of the American value of 20 cents a yard would be 5 cents; 25 per cent of the foreign value of 16 cents would be 4 cents. The difference between the two is 1 cent a yard. One cent is 5 per cent of the American value. Or if you figured it on the foreign value, it would be about 6¼ per cent. In other words, as applied to cloth—I do not know about the other industries—I figure that a 25 per cent duty where there is 25 per cent variation between the American and the foreign value the effect of the American valuation can not amount to over 6¼ per cent; and by that I mean that the 25 per cent duty would be increased to a 31 per cent duty.

Senator WALSH. In other words, the industry has the benefit of 6 per cent by reason of the American valuation?

Mr. LIPPITT. With the average duty in this cotton-cloth schedule; yes.

Senator SMOOT. That is on low-priced goods.

Mr. LIPPITT. On any goods of 25 per cent variation in value. If you take a higher variation, you will find other variations in the duty.

Senator SMOOT. Provided, of course, there is a 25 per cent difference between the foreign valuation and the American valuation?

Mr. LIPPITT. Yes. The duty under this bill is 25 per cent. It is really not that. It will average about 22 per cent, I think, the same as the Underwood bill.

Senator SIMMONS. Did I understand you to express the opinion that the difference between the American valuation and the foreign valuation is about 25 per cent?

Mr. LIPPITT. It is represented by about 6 per cent, figured upon the value of the cloth.

Senator SIMMONS. What I asked you was, Do you think that on the average the difference between the American price and the foreign price is 6 per cent or 25 per cent?

Mr. LIPPITT. I would prefer not to discuss that question just now, because it would take a good deal of time and present conditions are so complicated that whatever they are at the moment would be no guide to where they will finally be standardized.

Senator SIMMONS. I thought you were trying to find another way to apply your calculation to this average basis of differential as between the American valuation and foreign valuation, and I understand you to say, probably incorrectly, that 25 per cent would about measure that difference.

Mr. LIPPITT. I think that is perhaps a correct expression of it, but I will stand upon the analysis that I have given in my own words.

When the Senator from North Carolina asked that question I was discussing the cloths that come under these low duties as compared to the duty on this particular cloth that I have here. This is a highly figured, decorated, dyed, Jacquard woven, drop-box pattern. It carries only a 17 per cent duty in its present colored state, or a 15 per cent duty in its gray state, whereas this piece of common cloth [exhibiting] has at least that duty under any circumstances and sometimes up to 25 per cent.

Senator SMOOT. That comes about by the difference in size?

Mr. LIPPITT. Yes. I am not saying these things are exact.

Senator SMOOT. It could not happen in any other way.

Mr. LIPPITT. No, sir; it could not happen in any other way.

This is another fabric as to which the same situation exists.

Senator DILLINGHAM. How does it compare with the other in price?

Mr. LIPPITT. That piece of cloth costs $1.23 per pound, and the other piece costs—well, it is sold in the market for 48 cents per pound. It costs about that.

Here [indicating] is another very highly decorated Jacquard drop-box sample where exactly the same condition exists.

These [indicating] are dress goods. I want to go back for a moment to the dress goods. Let me say, in passing, that I have been taking samples of goods made out of No. 30 yarn. The same condition exists with respect to yarns up to 100—with these fancy woven, artistically designed luxuries of the trade, these beautiful fabrics which are on the firing line of importation. That is where the competition really comes.

Senator SMOOT. It can not be in any other way under the provisions of the bill.

Mr. LIPPITT. It can if you put a proper ad valorem on it. The ad valorem is out of the way.

Senator SMOOT. The ad valorem would affect the price——

Mr. LIPPITT. The fact is the bill is lopsided. It is a very unscientific bill. I do not want to hurt anyone's feelings. Of course, I know that you do not want to destroy the cotton industry, for it is one of the greatest industries in the United States. Its fabrics are made out of American raw material. How absurd it would be for the United States to put herself in the position of sending her cotton to England to be returned manufactured into goods.

What do you suppose England would do in our position? How do you suppose England would protect her cotton industry if she thought it was imperiled? Let me read to you a clipping that I cut out of the New York Herald this morning, in order to show you the

way England acts. It is a description of a bill passed by Jamaica putting a preferential duty on cotton goods to help England control her market for them.

Now, what do you suppose that duty is? Do you think it is 20 or 25 per cent? Not at all. That preferential duty amounts to 50 per cent that Jamaica has given to England. And they call England free trade. There is no more free trade in this world to-day than there is left of last year's snow storms. Every one of England's imperial colonies gives her a preferential duty. Canada gives her a preferential duty; New Zealand gives her a preferential duty; Australia gives her a preferential duty; and now comes Jamaica. And who is it that England fears? Why does she want a duty of 50 per cent on these cotton goods in her colonies?

Senator SIMMONS. I have been frightened all my life by the proclamation that you were thrown in competition with free-trade England.

Mr. LIPPITT. I do not know whether the Senator from North Carolina is being sarcastic or not.

Senator SIMMONS. I understood you to say that Great Britain was a highly protective country.

Senator SMOOT. Her trade is.

Mr. LIPPITT. Well, Senator, I have not the time to go into that.

Senator SIMMONS. Go ahead; I was simply jesting.

Mr. LIPPITT. England has advocated for years free trade. Richard Cobden established free trade in England. It cost millions of dollars to do it. You talk about propaganda in this country. There was never any such propaganda in any country as was carried on at that time in England. As Cobden said, he was speaking for England and Englishmen, and he believed that if he could get free trade for every country in the world England would be the industrial master of the world. But he failed in that. So what is England doing now to remedy the situation. They allow their colonies in every part of the world to establish preferential duties in their favor. If free trade is, as they say, the right economic principle, and the only economic principle, then their preferential duties are at least inconsistent.

And who do they fear? Whom did they fear when they put that 50 per cent duty on in Jamaica? Was it the United States? Was it Japan who is thousands of miles away? I do not think that it was either. I think it was Germany.

A question was brought up here to-day about the cost of labor in Germany, or the cost of weavers in Germany. The cost of weavers in Germany to-day is $3 per week.

There is no question that Germany is going to make a great bid for the industrial markets of the world. She is going to make a bid for our markets. Of all times in the history of the world, I say to you gentlemen that this is the time to be very careful about the tariff schedules on American-made goods. Excuse my divergence.

Senator WALSH. Will you put that clipping in your remarks?

Mr. LIPPITT. Yes.

JAMAICAN TARIFF BILL AFFECTS UNITED STATES TRADE.

Kingston, Jamaica, Dec. 7.—Government to-day introduced a tariff bill in the legislative council under which preference of 5 per cent is given all British manufactured goods. British cotton piece goods will obtain a preference of 50 per cent, and Canadian flour a preference of 25 cents a bag. These changes in the tariff, it is believed, will materially affect importations from the United States.

Now, I wish to again illustrate how inequitably duties are applied in certain cases of fancy woven goods under this bill. I have here three samples of cloth that are made out of practically the same yarns, that are all Jacquard woven but are used for different purposes. There are in the bill a few provisions for special duties on particular cloths. In a sort of haphazard way, the bill has picked out some fancy woven goods and given them special protection when they are designed for certain purposes, but cloths woven in exactly the same way, and in fact the very same cloths when designed for a different purpose do not get the benefit of these special provisions. The result is that we have widely varying duties on exactly the same piece of cloth.

The principle involved where this special protection is given is a correct principle. The cloths to which it is applied should have a higher duty because their manufacture involves a large conversion cost. But all of this is equally true of the same and similar goods when they are used for other purposes, and the principle involved in these special duties should be broadened so as to include all cloths of similar construction.

For instance, there is a provision in the bill (par. 910) that puts a 28 per cent duty on cotton damask. There is another provision (par. 908) that puts a 30 per cent duty on upholstery and drapery fabrics. Now, here is a piece of damask, a cotton napkin. It may interest you gentlemen to note how near we have come in cottons to imitating the linen napkin. This is, I think, a rather nice product. It is, as you see, a Jacquard woven fabric, and the duty on it is 28 per cent. Here is substantially the same cloth made out of almost the same number of yarns, also Jacquard woven, mercerized and dyed with expensive colors, and made for drapery purposes. As a drapery fabric the duty is 30 per cent.

Here is a sample of exactly the same cloth as the drapery fabric woven in the same mill on the same looms by the same weavers, but finished in a different color and used for lining corsets. There is no special provision in the Fordney bill for goods used for this purpose, therefore the duty on it comes under the regular cotton schedule and would be 15 per cent. This illustrates the great inequalities of rates in the bill—three different duties on cloth of practically the same construction and cost. It is manifest that if 28 and 30 per cent are the right duties for such cloth in one case then 17 per cent is not the right duty for them in the other and would not be protective.

Senator McLEAN. What would be the difference in the cost?

Mr. LIPPITT. There would be no difference except in the cost of dyeing. As these goods come from the mill they are exactly the same piece goods, taken off the same warp exactly. But the bill is so unscientifically constructed that it puts upon the same class of goods different rates merely because they may be used for different purposes.

Incidentally, there was some talk this morning about importations. Here is a piece of Japanese goods that was selling in Providence when I left. Here are some samples that one of our customers sent us. They represent an order which he placed abroad for goods which are to be delivered this spring. There is, as you see, a large variety, and they will be in competition with goods in the United States on the 1st day of April.

Senator McLEAN. How do the prices compare?

Mr. LIPPITT. I have not the slightest idea. They are prices at which he was willing to buy the goods. They are beautiful goods.

Senator McLEAN. Do you make shirtings?

Mr. LIPPITT. Yes. We made shirtings in a large way at one time. We do it spasmodically, at times. I am not talking about my own plant particularly. I may say, if you will excuse my being somewhat egotistic, that I think no plant makes them any better.

There is another thing to which I want to call your attention. It is something that I wish to emphasize and get into the record, and I might as well do it now as later. I want to say that there is no industry in the United States that is so competitive as the cotton textile fabric industry. It is competition that, as I have said before, is not confined to neighboring mills, but is affected by the different sections of the country. There is no monopoly in the trade. No unit makes over 2 per cent of the product.

Senator WALSH. Much more than the woolen cloth?

Mr. LIPPITT. Yes; much more competition.

Senator SMOOT. How do you figure that there is only a 15 per cent duty on that corset cloth?

Mr. LIPPITT. Seventeen per cent, I should have said. It would be 15 per cent if it were gray. It comes under the regular cloths. It is Jacquard. It is made of 30 yarn. It is 17 per cent, I think you will find.

Senator SMOOT. They have an extra duty wherever it is made on the Jacquard loom?

Mr. LIPPITT. Oh, no.

Senator SMOOT. It is only when extra threads are introduced?

Mr. LIPPITT. No; it is only for damasks and upholsteries.

Senator SMOOT. I thought that applied also to the other.

Mr. LIPPITT. No, sir; only in the cases to which I have called your attention.

I think it would be interesting at this point for me to refer to the Underwood bill. I want to refer to it for the purpose of showing the effect of certain Treasury decisions. In the Underwood bill there is a provision similar to this tapestry and upholstery provision assessing 35 per cent on goods of that character. That is followed by a provision that says other Jacquard manufactures 30 per cent.

Senator SMOOT. These other Jacquards and other woven upholstery cloths are what I had in mind.

Mr. LIPPITT. Yes; but that is in the Underwood bill, not the Fordney bill.

I want to say this one thing that I started to say about the Treasury decisions. I say that in the Underwood bill there is a duty of 35 per cent upon upholstery cloths—Jacquards. That is followed by a paragraph which says "All other Jacquard manufactures, 30 per cent." What does that mean—all other "Jacquard manufactures"? I think you and I would say that it means all other cloths that were Jacquard woven. The court decision was that that paragraph applied only to articles made out of Jacquard cloth and did not apply to Jacquard woven cloth at all, and so Jacquard cloths other than draperies and damask were taken out of that classification and put in the same classification as ordinary, plain cloth, and paying that plain-cloth duty to-day.

Senator SMOOT. In paragraph 908 you made an amendment by inserting the words "woven cloth," so that it reads "tapestries and other Jacquard woven cloth."

Mr. LIPPITT. Oh, no; not exactly. Here is the provision that I want. Here is what I have been arguing about. We want a provision that will cover these highly ornamented, difficult artistic products of the trade.

Senator SMOOT. Will 30 per cent do it?

Mr. LIPPITT. Here is the provision. Mr. Lowe, in his testimony, put it in the record. Without reading it, I will ask that this provision be also put in the record here. This provision covers the subject as a whole. It does not say that Jacquard woven goods or swivel-woven goods or drop-box woven goods or some other kind, under certain circumstances, shall pay the duty. It says that all cotton cloths woven with eight or more harnesses, or with Jacquard motions, or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per cent ad valorem for cloths containing yarns the average number of which does not exceed number 30; exceeding number 30, 15 per cent ad valorem.

I would like to say in passing that if that amendment is adopted it does not mean that in other cases where special provisions have been made this should be in addition to those provisions, but that this should apply to the cloth that comes in under the regular schedule; and I think the other parts of the bill would have to be adjusted a little bit to produce that effect.

SUGGESTED SUBSTITUTE FOR PARAGRAPH 905.

PAR. 905. In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section, there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely, on all cotton cloths woven with eight or more harnesses, or with Jacquard motions, or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per centum ad valorem for cloths containing yarns the average number of which does not exceed number thirty; exceeding number thirty 15 per centum ad valorem.

Tire fabric or fabric for use in pneumatic tires, including cord fabric, 25 per centum ad valorem.

Senator SMOOT. Don't you think that if this amendment were adopted as you have it written it would be possible to take the ordinary cotton cloth woven with 4 harnesses and multiply it and make it 12 harnesses?

Mr. LIPPITT. No.

Senator SMOOT. He can do it.

Mr. LIPPITT. But he would have no proof that he had done it in the appearance of the cloth.

Senator SMOOT. Not in the appearance of the cloth.

Mr. LIPPITT. And he would not do it because the cost would be so much greater.

Senator SMOOT. Not in the eight harnesses.

Mr. LIPPITT. Well, I beg to differ from you, Senator.

Senator SMOOT. It is a question of automatic operation of the loom. It is for eight harnesses instead of for four.

Mr. LIPPITT. Now, what would be the duty that we are asking for on this cloth? Take, as I said, that 30 yarn. The ordinary cloth has a duty of 25 per cent and the figured cloth a duty of 17 per cent. That would add 12 per cent to high-cost fancy cloths. The duty would be 29 per cent on this cloth.

Senator SMOOT. I was going to suggest, in order to make it absolutely sure, and so that no advantage could be taken, that you could make it read, "On all cotton cloths, woven, requiring eight or more harnesses."

Mr. LIPPITT. I would like to have the experts pass upon that.

Senator SMOOT. Then we would know about that piece of cloth or about any of them on the table. We would know that it would take more than four harnesses. We would know that some of them will not take eight harnesses. Therefore, they could require eight.

Mr. LIPPITT. Possibly that language might meet the criticism of the courts, but, Senator, there have been so many of these Treasury decisions that have absolutely destroyed the intent of Congress that I think it is necessary to follow the precedent set down. The language of the amendment follows the precedent that has been used in several different tariff bills dating way back to Dingley's time. It has been passed on by the courts on a great number of occasions. I assure you that these clever tariff lawyers are very ingenious people. They study a word and its connection in a way that others do not seem to be able to do. They often are able to convince the courts and convert them to their views.

Now what are high duties in this bill—I do not seek to make invidious comparisons between the rates of duty that we are asking for and others that appear in the bill. But I do want to call your attention to some of the duties. I am not going to name the articles. Here are some of the rates. Here is one of 42 per cent, one of 55 per cent, one of ——

Senator WALSH (interposing). These are the duties on different articles?

Mr. LIPPITT. Yes; but not in the cotton schedule, not in the textile schedule, but in a variety of schedules. They run 40, 38, 42, 55. Those are some of them. I am only going to name one. There is a duty of 40 per cent on poker chips. I think the cotton textile industry as well worthy of a 40 per cent duty as poker chips are and as these other things are.

Senator LA FOLLETTE. You are not partial to the game?

Senator MCLEAN. Perhaps the motive was to make it prohibitive.

Senator MCCUMBER. Not quite so many people buy poker chips as buy cotton goods.

Mr. LIPPITT. They are not so necessary anyway. I want to say one thing more about this general schedule. In all tariff bills previous to the Underwood bill the duty on the great textiles, cotton, wool, and silk, has been substantially the same. There has been a duty of from 40 to 50 per cent on the average in these industries. It was about 50 per cent on woolens after the duty on wool, the compensatory duty, had been subtracted. It was about 50 per cent on silks. It averaged about 40 to 50 per cent on cottons. For some reason that I do not know the Underwood bill made a great discrimination between

these three textiles. The Underwood bill gives 45 per cent on silk, 35 per cent on woolens, and an average duty of 22 per cent on cotton. I know of no good reason why Republicans in favor of protective tariff policies should discriminate as between these three great industries carried on side by side with similar machinery, the same kind of labor, in the same mill towns, and whose percentage of conversion cost is not materially different.

I say that this tariff, as written in the Underwood bill and here, is a great discrimination against the cotton industry, a discrimination that the United States is not justified in maintaining. The United States is, however, justified in maintaining this great industry that England goes to great lengths to maintain.

What has been the effect of this low Underwood duty? The effect is that for years and years the average importations of cotton cloths and yarns were about $10,000,000, not enough to materially injure the business, but enough to regulate it. Now, what happened under the Underwood bill? In the year 1920, instead of $10,000,000 of importations, there were $67,000,000 worth of yarns and cloths brought into this country at an average duty of 22 per cent. They were brought in at a time when nearly every unusual circumstance of trade was in our favor; when there were high freights; when Europe was disorganized; when a great number of operatives had been killed in the war and many of her best men had been lost. Yet they sent over to this country $67,000,000 worth of goods.

I tell you that this cotton schedule, as it is written, will not give over 22 per cent on the better class of cotton goods. You have a minimum of 10; you have a maximum of 33. Very few goods will be imported at either of those extremes. The average of these is 21½. It is under these ad valorems that the competition has come from abroad.

I want to say one thing more—$67,000,000—all of that was taken away from New England. It was not taken away from the South. They do not make these goods where the competition comes in. It all came out of New England. It would have been useful in New England if we could have had those $67,000,000 to pay our wage bill with at that time.

Senator WALSH. When was that?

Mr. LIPPITT. The fiscal year 1920. I understand that there is a political question involved. It is not my business nor my purpose to discuss politics, but the papers are full of it. They say that there is an agricultural bloc the members of which are disposed to criticize some of the manufacturing regions in this country.

I wonder if it ever occurred to you gentlemen to wonder what happens to $67,000,000 that goes to England? I suppose that some of it may have gone to Canada, to Saskatchewan, for wheat. I suppose some of it may have gone to the Argentine for wheat and corn and beef. I suppose some of it may have stopped at India or Egypt for cotton, and perhaps on the way some of it stopped at Mesopotamia, which an English commission has reported to be the best place to start competition with American cotton and strongly advises the development of cotton growing there. I suppose some of it may have stopped at Spain for oranges, or in sunny Italy for citrus fruit or olives, or in Holland for cheese, or in Denmark for butter, or it may have gone into Sweden for her fisheries.

Or it may have stopped in England and built houses at a time when the housing problem was so difficult of solution, thus giving employment to English labor and the purchase of English materials. And in all this journey around the world it was helping the English shipping industry, and the articles it purchased were transported on the English maritime transportation system.

What would have become of that $67,000,000 if it had gone to New England? It would have gone across the coast to Oregon for lumber; it would have gone to Texas for her wool; it would have gone to the State of the Senator from Wisconsin for lumber and dairy products; it would have gone to the great West for all her wheat. Not one dollar would have been spent for Canadian, Australian, or Argentine products. It would have gone to the great building trade of New England; it would have gone to the farms of the United States for butter, for milk, for garden products. And in all its travels through the United States it would be helping the American railroads, and the articles it purchased would be transported on the great American inland transportation system.

Senator WALSH. And to the South for more cotton.

Mr. LIPPITT. And practically every dollar of American investment in cotton goes to South Carolina and to Georgia and to the banks of the Mississippi. England uses nearly all the cotton of India and of Egypt. We use a mere fraction of them. Where would be the logic of the gentlemen interested in the agricultural section of the country in sending this money abroad.

Senator McCUMBER. It is a consolation to note such accord between the Senator from Rhode Island and the Senator from Massachusetts on the protective-tariff policy.

Mr. LIPPITT. Senator, let me say another thing to you. The gentlemen who in the past have represented that great section of America from which you come have been in accord with me on this subject. If you will look back a few years, you will find that there was never a more eloquent and more successful advocate of this policy, for the same reasons that I am advocating it, than William McKinley, who won the Presidency for the reason that when protection was in disrepute at the time of the election of Mr. Cleveland he stuck by the principle that was involved until it triumphed.

Senator McCUMBER. That is the reason I am so glad to see these gentlemen standing side by side.

Senator WALSH. While protection is going on, we want a little bit of it.

Senator WATSON. You don't want a little bit; you want a great deal of it.

Senator SIMMONS. Without meaning to interfere with your argument, I would suggest that that $67,000,000 was probably spent by Great Britain in America in the purchase of the things that she buys from us. Great Britain buys from us about as much as we buy from her, and the probabilities are that she did not spend that all over the globe, as you said, but that she spent it right here in America.

Mr. LIPPITT. You did not notice any increase in American revenues because of that sixty-seven million, did you? These things she always bought from America because she had to. This is a gift of $67,000,000 to merry England, who was more merry by reason of receiving it.

Senator SIMMONS. She spends in America all the money that she receives for goods that she sells to America, and then she spends a great deal more.

Mr. LIPPITT. I know well the dialectic skill of the gentleman with whom I am discussing this question. I thought, however, that I would put that view in the record.

Senator SIMMONS. I want to suggest that probably none of that $67,000,000 ever got out.

Mr. LIPPITT. Well, we will let it go at that.

Senator LA FOLLETTE. Mr. Lippitt, the importations of 1920 were very exceptional?

Mr. LIPPITT. Yes. It was exceptional for this reason, that the Underwood bill was in force. In the spring of 1914 the war came on and there were no importations of any kind. Then came the good business that followed the armistice, and then came the disorganizing of business everywhere all over the world. Therefore, the year of 1921 did not have as large imports, but it did have three times the imports of any year when the ordinary American tariff policy was in force.

Senator LA FOLLETTE. Mr. McCoy has directed my attention to these imports. Of course, the imports for the one year which you cited are the dutiable and free imports all taken together. I am speaking of the total imports.

Mr. LIPPITT. The imports I referred to were all dutiable.

Senator LA FOLLETTE. Yes. Mr. McCoy tells me a great quantity of that was material which our Government returned to this country after the war. He tells me, moreover, that those countries that were in the war had accumulated for war purposes very large stocks of cotton, which they found——

Mr. LIPPITT (interposing). My figures refer to cotton goods. Not cotton.

Senator LA FOLLETTE. Well, cotton goods. I should have said cotton goods for war purposes. They were overloaded with them. They needed money sorely and they sent the material into this country.

Mr. LIPPITT. Dumped that in.

Senator LA FOLLETTE. Well, they exported the material to this country and it was received.

Mr. LIPPITT. Different words but the same thing.

Senator LA FOLLETTE. I am going to read right down to the time of the war; the imports from 1906 down vary very greatly.

Senator SIMMONS. My impression is that in 1907 the imports on cotton were the highest except in 1920.

Senator LA FOLLETTE. They were. I am giving them to you by years, starting with 1906.

Senator SIMMONS. That was under the Dingley law.

Mr. LIPPITT. Was not that under the Aldrich tariff?

Senator LA FOLLETTE. No; I will give them to you by years, starting with 1906, and I will read just the millions:

1906	$63,000,000	1911	$66,000,000
1907	73,000,000	1912	65,000,000
1908	68,000,000	1913	66,000,000
1909	63,000,000	1914	70,000,000
1910	68,000,000		

That is for only one-half of that year, and if that is the fiscal year——

Mr. McCoy. It is practically 11 months under the Underwood bill.

Senator La Follette (continuing):

1915	$46,000,000

We now begin to get the effects of the war—

1916	$47,000,000	1919	$52,000,000
1917	56,000,000	1920	137,000,000
1918	44,000,000		

The very large importation for 1920 over the preceding years includes, of course, if it is measured in dollars, the excessively high war prices for manufactured goods at that time, and the Treasury experts say that in many cases the prices were two and three times, and even seven times, the ordinary value. That would be 67,000,000 more than you stated.

Mr. Lippitt. But that enormous importation of $137,000,000 in 1920 is the total importation of cotton manufactures of all kinds, including lace, and every figure that the Senator has read includes those items. We have imported lace every year. The Senator will notice that the figures I gave referred entirely to the importation of cotton yarn and cotton cloth; and if he had the detailed figures at hand he would see that for the year 1920 they amounted to $67,000,000, as I have stated. They do not include lace, nor a variety of other special manufactures of cotton, such as handkerchiefs, braids, etc.

Senator La Follette. The variations are not very considerable until you come down to 1920.

Mr. Lippitt. When you put the lace into my figures you get $137,000,000 in 1920 under this bill.

Senator La Follette. I do not have it separated, and it was the total that Mr. McCoy called my attention to.

Mr. Lippitt. That is a very intricate thing, those figures.

Senator La Follette. But I just wanted to have it appear in the record that there were very large importations in 1907.

Senator McLean. That is apparently more than 50 per cent.

Mr. Lippitt. The laces have averaged some 40 and odd million dollars.

Senator McLean. Does that percentage of lace carry along to 1907?

Mr. Lippitt. Yes. There was only one manufacturer in the United States at that time who made lace. In the Payne-Aldrich bill there was a provision that for two years lace machines could be imported free, and during that two years the lace industry in the United States received an enormous development; but prior to that time there had only been one, I think, not including Nottingham lace.

Senator Watson. How many factories now are manufacturing that?

Mr. Lippitt. There are four at Providence, R. I., and several in Philadelphia. I could not tell exactly how many. That piece of legislation of Mr. Aldrich was the means of founding a useful industry.

Senator Simmons. With regard to those figures Senator La Follette gave, I would suggest that the figures given were due very largely to the fact that in 1911 and 1920 the winter and fall of 1919 and 1920 cotton went to such enormous prices, 40 per cent in this country of

the price of the goods, both foreign and domestic, by reason of the enormous jump in the price of cotton, doubling almost the price of raw cotton, and the goods were much higher, and that had something to do, probably, with the large variation.

Mr. LIPPITT. And I think it can also fairly be said it was due to what the Senator from Wisconsin has said, that there were a great many goods that England had to get rid of. She did not want to get rid of them in her own markets, so she sent them over to this country where she could sell them at any price without injuring anybody except the American trade. Every nation does that when they have an opportunity. She had that opportunity because of the low duty of 22 per cent on those goods.

Senator MCLEAN. You may have that in the class of goods you are speaking about, and you may have it in a thousand and one kinds of metal products, where you come up against that same proposition, and it means three times $67,000,000.

Mr. LIPPITT. Now, Mr. Chairman, I want to go on, because I would like to stop pretty soon, and I expect you want me to. What I think should be done with this cotton schedule is to scrap this bill. All the statements that I have been making here were for the purpose of pointing to the inconsistencies in the bill, which does not protect fabrics proportionately, and to show you that by putting an equivalent protection on the higher branch of the manufacture that the simple branch had in the cotton schedule makes the protection too low. It is lower than it has been at any time for 40 years. I think this committee should raise that rate and under this form of bill if they want to. Personally, I prefer the form that has been in use way back into the eighties and was adopted by the Democrats in the Cleveland administration. That is a tried form. This new form seems involved to me, but perhaps it might work. The rates, however, are entirely out of proportion to any Republican rates that we ever had. They are out of proportion with the other textile products, and this bill ought to be rewritten so that, making proper allowances for the American valuation, whatever your experts say is a proper allowance on these things, there will be an average duty of 40 per cent.

Senator WALSH. Do I understand you to say that the fancy cotton-goods manufacturing costs are better protected under the Underwood bill than under the Fordney bill as reported from the House?

Mr. LIPPITT. I did not say that, Senator. I said they were about the same. I think in many cases there might be 2 or 3 per cent difference. I call it substantially the same. I think if the duties under this bill should be applied to the importations under the Underwood bill of 1920 that there would not be a great difference in the average rates.

Senator WALSH. You make the point that this bill seeks to increase the duties on articles over the duties provided in the Underwood bill, except in this particular instance?

Mr. LIPPITT. I would not put it quite that way. I claim that the Underwood bill cuts cotton manufactures down out of proportion to other textiles, and that they should now be returned to the same rate of protection with other textiles.

Senator WALSH. This bill does increase the rate?

Mr. LIPPITT. Very little, if any.

Senator WALSH. Other than on fancy cotton goods?

Mr. LIPPITT. I have not studied the bill as regards other schedules, and I do not know about that.

Senator SIMMONS. Mr. Lippitt, I want to call your attention to the facts with reference to exports during the years we have designated, starting with 1908. That was under the Dingley tariff, when it amounted to $68,000,000.

Mr. LIPPITT. What year was that?

Senator SIMMONS. 1908, covered by the Dingley bill. The imports were $68,000,000 and the exports were only $25,000,000.

Mr. LIPPITT. The imports were $68,000,000?

Senator SIMMONS. Yes, sir.

Mr. LIPPITT. Including lace?

Senator SIMMONS. That is the total.

Mr. LIPPITT. That includes lace, amounting to about forty-five millions.

Senator SIMMONS. Exports were only $25,000,000. In 1908 the imports were $68,000,000 and the exports $25,000,000. In 1909 the imports were $63,000,000 and the exports $31,000,000. In 1910—that was after the Payne-Aldrich bill—the imports were $68,000,000 and the exports $33,000,000. In 1911 the imports were $66,000,000 and the exports were $40,000,000. In 1912 imports were $65,000,000 and the exports were $50,000,000.

In 1913—that was the same year that the Underwood bill was adopted—the imports were $66,000,000 and the exports were $53,000,000.

Senator MCCUMBER. That was under the old bill.

Senator SIMMONS. In 1914 the imports were $70,000,000 and the exports were $51,000,000. In 1915 the imports were $46,000,000 and the exports were $71,000,000. In 1916 the imports were $47,000,000 and the exports were $112,000,000. In 1917 the imports were $56,000,000 and the exports were $136,000,000. In 1918 the imports were $44,000,000 and the exports were $169,000,000. In 1919 the imports were $52,000,000 and the exports were $273,000,000. And in the year you selected just now, 1920, the imports were $137,000,000 and the exports were $402,000,000.

Mr. LIPPITT. Exports on what?

Senator SIMMONS. On cotton goods.

Mr. LIPPITT. On cotton goods they were what?

Senator SIMMONS. Manufactures, I mean, of cotton.

Mr. LIPPITT. What year was that?

Senator SIMMONS. 1920.

Mr. LIPPITT. That must have been Government work.

Senator SIMMONS. What is that?

Mr. LIPPITT. Oh, yes; we did export.

Senator SIMMONS. We exported $402,000,000.

Mr. LIPPITT. That is right.

Senator SIMMONS. We exported that amount as against $137,000,000 of imports.

Senator LA FOLLETTE. In 1920, when the imports reached $137,000,000, only $24,000,000 of that was for lace. I have those figures now.

1919	$13,000,000	1916	$20,000,000
1918	9,000,000	1915	19,000,000
1917	12,000,000	1914	26,000,000

Those are imports of lace, under the Underwood bill, and in 1913 it was $34,000,000.

Senator SIMMONS. That was under the Payne-Aldrich bill?

Senator LA FOLLETTE. In 1912 it was $38,000,000.

Senator SIMMONS. In 1913 it was $10,000,000 more than under the Underwood bill.

Senator LA FOLLETTE. In 1912 it was $38,000,000.

Senator McCUMBER. Now, Mr. Lippitt, will you proceed?

Mr. LIPPITT. Let me say in regard to these exports that I began my testimony by calling attention to the great variety of products that were described under the general name of "cotton manufactures," and that in many cases their only relation to each other was the fact that they were produced from a raw material that is called cotton. Because, under the cotton schedule, there have been both exports and imports of cotton manufactures, it does not follow that they were the same or competing articles; and it was for this very reason, among others, that I tried to make this clear at the start to the members of the committee.

I think, Mr. Senator, that I have covered the subjects that I had in mind to speak of, except one. I just want to say a single word in regard to dyes, and in saying it I want to preface everything I say with the statement that I am thoroughly in favor of establishing an American dye industry. I have great confidence that in the end it will be worth all it cost. I am not in any way criticising the duty that has been put upon it. I do not now want to do it, and I would not do it anyway, because it is a matter between the committee and the representatives of that industry. I want to point out this, that Mr. Lowe suggested that there be a compensatory duty. There came into existence just shortly prior to the war a large volume of new dyes that the Senator from Utah has referred to as vat colors, which give an extraordinary fastness to colors.

Here is a piece of goods that was made out of one of them [indicating]. It is sun fast, and it will stand bleaching. That was made in the gray, and was bleached without starting the color in any way, and it is substantially sun fast. It is dyed with imported dyes.

Senator SMOOT. Sulphur bleached?

Mr. LIPPITT. No, a regular bleach, chlorine bleach. That is a very fine fabric. I believe, Mr. Senator, that in the future the use of those colors is going to be very largely extended. I think that any industry, like the cotton industry, that serves its customers as it ought to serve them, has got to be in a position to furnish the community with the best article that can be made. I think that if we could use these sun-fast colors in every gingham dress, and every drapery to be hung up in a window and exposed to the sun, that it would be worth all it would cost and more to the consumer under normal conditions. The price of these dyes now is very high. They are about five times what they were before the war.

Senator SIMMONS. Does that apply to the dyes made in this country?

Mr. LIPPITT. Either imported or made in this country. Of course, you can only import these dyes now under very extreme conditions. There is practically an embargo under the emergency bill. You have got to get a license and go through all sorts of red tape and tell them what uses are going to be made of them six months ahead.

Senator McCUMBER. Is there any dye made in the United States that will equal that?

Mr. LIPPITT. Not in that color. They are developing these dyes, but they have not yet reached the point where they are thoroughly developed. The purpose of this duty—it is a high duty—is so that they may reach a high degree of development. I am looking forward to the perfection of the cotton industry, and I believe it is quite likely England before long will be sending us sun-fast colors in quantities. Here are some advertisements I got out of several English papers, advertising these sun-fast colors, and giving the various colors. It shows how they are advertising [indicating].

Senator WALSH. Could sun-proof dye coloring be so defined that it could be segregated from other dyes?

Mr. LIPPITT. I think it would be difficult.

Senator SMOOT. I think it could be done.

Senator LA FOLLETTE. Are there dyes which are now produced in this country which are fully sheltered behind the embargo, selling at about five times what they sold for in this country before the war?

Mr. LIPPITT. All these vat colors are.

Senator SMOOT. And so are the German ones.

Mr. LIPPITT. But that is a temporary condition, Mr. Senator.

Senator LA FOLLETTE. That is a matter for argument. It may be and it may not be a temporary condition.

Mr. LIPPITT. I do not know that I want to prophesy, but I think it is a temporary condition.

Senator McLEAN. I think in the hearing we had on the dye matter it was testified that prices had been reduced materially this last year.

Mr. LIPPITT. They have been reduced very much.

Senator SMOOT. Some of the dyes were sold for twenty times the amount they were sold for previous to the war.

Mr. LIPPITT. Oh, yes. Some dyes that we bought for 7 cents a pound went up to $10 a pound. There was a famine during the war. But those were war conditions. What I am trying to bring out is this, that if you put these duties on these dyes and there is no compensation on the cloth made with those dyes I am afraid that the United States industry is going to be put in a position where it can not serve its customers as it ought to, where if we have to pay a duty of 7 cents a pound and 33 per cent ad valorem, or 30 per cent, or whatever it is, on the prewar prices of dyestuffs, it would amount to 60 per cent or more, possibly 65 per cent. If we have to pay 65 per cent on these dyes and the dyes can be imported in the cloth, how is the United States going to be in a position to compete unless there is some provision to cover the cloth?

Senator McCUMBER. Can you give us some idea of what per cent this would constitute of the entire cost of the article, or the selling price?

Mr. LIPPITT. It varies so——

Senator McCUMBER. I know it varies a great deal, but we could understand it if you could give the variations and give some idea along that line.

Mr. LIPPITT. It varies, Mr. Senator, from almost nothing——

Senator McCUMBER. I am speaking only of these higher-priced dyes.

Mr. LIPPITT. Let me find a piece of goods here and I will show you. Take that piece of goods [indicating]. Those are sun-fast, bleached-fast colors, but there is very little in that. It is very expensive to put in, but there is very little. This piece, however, is 50 per cent colored. When it comes to a piece of fabric like that [indicating] the cost of the dye is such a small proportion that I do not think it makes any difference; but when it comes to a fabric like this one and like all the ginghams it is very different. I am looking forward to the day when every gingham will be sun fast. That is the kind of goods we ought to give our people.

Senator LA FOLLETTE. And not take the color off when a lady takes the garment off?

Mr. LIPPITT. We are not making that kind of goods, Mr. Senator. The ginghams made to-day are not fugitive colors. We are able to get colors that will stand a great deal of sunshine, but they are not absolutely fast. I do not wish to be put in the light of saying that the American industry is not efficient. We are here to say that this industry is as efficient as any other industry in the country. In some way you gentlemen have got to find a means of putting some kind of compensation upon cloths that come in with sun-fast, bleached-fast colors.

Senator SIMMONS. Is it true, as of the other dyes, that the German dyes are now selling at about five times what they were before the war?

Mr. LIPPITT. Yes. Of course, it is very difficult to import German dyes.

Senator SMOOT. There is no danger of England making the same arrangement that we have about these dyes?

Mr. LIPPITT. I think there is great danger about England.

Senator SMOOT. I say, at the present time.

Mr. LIPPITT. At this moment.

Senator SMOOT. That is what I say.

Senator WALSH. There is evidence that the embargo was lifted and they put the embargo on Great Britain.

Mr. LIPPITT. I did not know that.

Senator SIMMONS. I was trying to find out whether the English dyes were any higher than the American dyes, or as high.

Mr. LIPPITT. I do not know. You know, Mr. Senator, what occurred in England in connection with this. Of course, the total consumption in the United States has been very small of all these dyes. The total use of dyestuffs in the United States before the war would not exceed about fifteen million. I have always understood that the output of Germany at that time was about ninety millions on these high-priced dyes. She had the whole world for a market; she had England and the United States and Japan. When the war came on England, on account of explosives, had to establish that industry. She subsidized it and paid bounties to the industry.

Senator SIMMONS. It is a new industry there just as it is here?

Mr. LIPPITT. Exactly.

Senator SIMMONS. And the assumption is that if this garment here was made in England from dyestuffs made in England, it would cost about as much as the dyestuff in this garment made in this country?

Mr. LIPPITT. I could not answer that.

Senator SIMMONS. I say, that is the assumption?

Mr. LIPPITT. I do not know.

Senator SIMMONS. When that article comes over here in competition with your article, because of the valuation, the appraisement at which they pay duty on it, it will have an added value for that dye, will it not?

Mr. LIPPITT. It will have the added value of those dyes, and if the duty is ad valorem there will be a larger cents per yard attached to that fabric on account of the dye.

Senator SIMMONS. How much additional duty because of the dye in the English article?

Mr. LIPPITT. Why put the duty as 60 per cent on dye stuffs; why do the Republican Senators put it on? Because they do not believe America is going to be able to produce it at a price that is the same as the other countries, nothing else would justify a duty of 50 to 60 per cent. Therefore, if they are correct, manifestly England is going to produce these dyes at a very much less price than we do. I want to tell you that if England can get these things in without much profit she is going to do it. It is a very valuable market.

Senator MCLEAN. Is the dye in this cloth made in England, or did they get it from Germany?

Mr. LIPPITT. It is imported dye, and I presume it comes from either Switzerland or Germany.

Senator SIMMONS. You have said that the dyestuff people are asking for this high rate of protection in order that they might establish their industry, claiming that once their industry was firmly established they would be able to compete with any country in the manufacture of dyestuffs; but I am assuming right now, at the present time, that the dyestuff industry is in about the same condition in Great Britain as it is here, and you have already said that the German dyes that are coming in here are sold about as high now, in comparison with the prices before the war, as our own dyestuffs are sold in comparison with the prices we had to pay for dyestuffs.

Mr. LIPPITT. I know they do not allow them to come in unless they do so. This is not just a tariff, it is an emergency bill, it is an embargo. If I want to import that dye I have got to get a license.

Senator SIMMONS. We all understand that. There is no need to explain that. But when they do get the license and it comes in, it has got to pay whatever duty the law imposes?

Mr. LIPPITT. They will not let me import unless I am able to swear that I can not buy in this country a dyestuff at the same price that I can import it from Germany, of the same quality.

Senator SMOOT. Not only that, they officially decide that themselves.

Senator SIMMONS. If dyestuffs are anything like as high in Great Britain this country could compete with her in these cotton goods.

Mr. LIPPITT. And Germany and Switzerland and France?

Senator SIMMONS. It has already been testified to that we are getting very little cotton yet from Germany but that we are getting a large amount of it from Great Britain now. Great Britain is your competitor, and she sends this article over here dyed. That dye increases the worth of that product, the value of it, and the ad valorem duty would apply to it. Therefore you are going to get greater protection by reason of the fact that it is colored, by reason of the fact that there is dye in the material.

Senator SMOOT. There is more danger from Germany than from England.

Senator SIMMONS. And therefore I can not see the point in asking for a compensatory duty on account of the cost of the dyestuffs that you have to put into the fabric.

Mr. LIPPITT. You do not believe, Mr. Senator, that putting 60 per cent duty on does not increase the price of the domestic article?

Senator SIMMONS. I believe you would increase your price as the result of the duty; yes. I have no doubt in the world about that.

Mr. LIPPITT. How can you say you think the price to me of the American dye without duty will be the same?

Senator SIMMONS. You misunderstood me altogether. What I am saying is that the article which competes with yours will cost more; will have a larger price value by reason of the cost of the dyestuff that is in it.

Mr. LIPPITT. Yes, it will.

Senator SIMMONS. And that will increase the protective rate which you get upon the like dye product.

Mr. LIPPITT. I think if the Senator will analyze that out he will find that it will not increase it in any proportion to the cost.

Senator SIMMONS. Possibly that may be so.

Senator SMOOT. There is another question: As long as we are going to give 60 per cent on dyes imported, if we only give 22 per cent on cloth, the cloth is liable to come instead of the dye?

Mr. LIPPITT. That is it exactly, and the great injury will be that the cloth will not come in merely because of a lower price, but a better cloth will come.

Senator MCCUMBER. I asked you a short time ago to give us figures to show how much it would add to the cost per yard, or any way that you can figure it out, because if we are to allow a higher duty because of a higher priced dye, we ought to know what the percentage is, or we ought to have something we can go on to determine what effect the dye has in the raising of the price. You have some fabrics there which are completely dyed with different colors. Could you not give us some idea of the proportion of the dye cost as to the entire cost of the production of that material, to the cotton goods?

Mr. LIPPITT. I understand what you mean, Senator. I do not know at the moment, but I think it is my duty to find something on that and submit it to you.

Senator SIMMONS. That is the very point I was trying to draw your attention to awhile ago.

Senator MCCUMBER. I do not know whether the dye in the piece amounts to only 1 mill or 10 cents, or what it is, and I would like to know, if I am going to pass judgment on it.

Mr. LIPPITT. I agree with what the Senator has said. I will only say that this is a new thought. You know, when you come to study one of these bills and consider it from various lines you do not do it until it is passed, and it is a very complicated thing. We will try to work out something that I think will be protective. I would like to consult with the dye people.

If you put a duty on sun-fast goods, has the customhouse got to test every piece that is dyed and pass upon it, or is there some chemical way of testing? Perhaps there is, but I do not know. I will undertake to submit something for you after I consult with the dye people.

Senator MCCUMBER. On the dyes I have assumed that the cost was such a mere bagatelle to the producing cost of the product that it

could hardly be taken into consideration at all in the fixing of tariff rates, and if I am mistaken I would like to be shown that.

Mr. LIPPITT. It is in that piece of goods [indicating] and also in that piece of goods. It is almost controlling in this piece of goods that the Englishman is advertising for sale [indicating].

Senator SMOOT. Not as to the price?

Mr. LIPPITT. I say in the case of the sun-fast dye, with such an enormous amount of coloring matter as there is in this, that it is the controlling feature.

Now, the problem is how to get a duty that will cover that. We do not need it on a piece like that [indicating] or like that; but we do need it on every piece of gingham, I think. All the gingham mills of the country will need it inside of five or six years. I think that is all I have to say.

Senator WALSH. Are there any sun-fast dyes made by the American dye industry?

Mr. LIPPITT. Oh, yes; here is one [indicating].

Senator WALSH. To what extent has the American dye industry made progress in the manufacture of satisfactory dyes?

Mr. LIPPITT. I think they have made great progress, Senator.

Senator WALSH. But there are certain dyes that it is absolutely necessary to go to foreign markets to get?

Mr. LIPPITT. That is true.

Senator McCUMBER. You would still be in favor of encouraging them until they could perfect the sun-fast dyes, would you not?

Mr. LIPPITT. If they do it within a reasonable time, yes.

Senator WALSH. With compensatory duties?

Mr. LIPPITT. Yes. Mr. Lowe asked me to say just one thing about the amount of thread put in goods. You know, the way the tariff is levied is by assuming that the length of thread in a piece of goods is the same as the width or length of the cloth. And in all goods there is a certain take-up, but it varies greatly, and the result of that is that when the customhouse figures the yarn in a piece of goods and says it is No. 30 yarn, it was probably No. 33, when woven, so there is 10 per cent less duty than there should be. It has been suggested that instead of using 840 yards, which is the basis of every number, that 750 yards be used. This would just about compensate, so that the tariff would be levied on the actual number that went to make up the goods instead of the figured number that is used in the customhouse now.

Senator SMOOT. The average is 10 per cent on the filling as well as the warp?

Mr. LIPPITT. Yes.

Senator SMOOT. Is that the average? There would be more in the filling than in the warp.

Mr. LIPPITT. In some it would be a little less and in some it would be a little more. Here are two or three samples of fancy weave goods that show great extremes. Here is a seersucker, where some yarn is two-ply forties, but would be assessed as two-ply twenty-sevens.

Here is a very beautiful piece of goods, where everything is put in zigzag. The zigzag thread is taken only as if it were the length of the goods. The result is that whereas it is two-ply forties it is taken as two-ply twenty-sevens.

Here is a very interesting piece of goods, where some threads are seven times the actual length of the distance they take up in the goods. You can not cover all of those things in your tariff, but I only want you to see to what an extent it goes, and I think it shows that there should be a scientific way of assessing that duty.

Let me show you that little thread that goes zigzag across that piece of goods, so that there are seven times as many yards of that thread as there are yards of the cloth on which it is imposed. That is a very interesting weave, a Russian cord, the only way known of producing a full-colored cord on a piece of white goods. That is a very expensive thing, putting that little cord in there, and it adds a great many cents to the value of those goods.

Senator McCUMBER. We are very much obliged to you.

Mr. LIPPITT. Thank you very much, Senator.

JACQUARD BLANKETS AND BLANKET CLOTH.

[Paragraph 908.]

STATEMENT OF CHARLES D. OWEN, JR., PROVIDENCE, R. I., REPRESENTING THE BEACON MANUFACTURING CO.

Senator McCUMBER. Please state your name and whom you represent.

Mr. OWEN. My name is Charles D. Owen, jr., and I represent the Beacon Manufacturing Co., of New Bedford, Mass., as well as other manufacturers of Jacquard blanket cloths.

Senator WALSH. Where are they located?

Mr. OWEN. There is one in Rhode Island, one in Spray, N. C., one in Taunton, Mass., and one in Lewiston, Me. I want to call attention to what seems to be an omission from the present bill as passed by the House. In paragraph 911 Jacquard blanket goods are excepted, as well as terry-woven and pile fabrics, the evident intention being to provide for these goods elsewhere. For instance, in 909 terry-woven and pile fabrics are provided for, but our goods are not again mentioned in the bill, the result being that while our blankets would come under 920——

Senator SMOOT. Yes; that is right. That gives 28 per cent.

Mr. OWEN. That I am not objecting to, but when we come to piece goods we make the request. I show you here a blanket that is used for a garment; it is woven similar to upholstery fabric. This blanket is used for bath robes; and here is a piece of goods in the gray, and here is the same goods finished, that are woven for that same purpose. They come in on the basis of 14 per cent under section 903, as we see it. That covers piece goods.

Senator SMOOT. Yes; that is so.

Mr. OWEN. What we want to ask you to do is to put them in with upholstery fabrics, or provide for them in some other way.

Senator SMOOT. You could not put them in with upholstery fabrics, because if you did they would not come under that description. I do not know how you would put that.

Mr. OWEN. Could you not specify them as Jacquard blanket goods woven with more than one colored filling? Our reason for asking this is that in the last five or six years, since the war started, the cutting trade has almost entirely made these garments to be used

for bath robes and negligee purposes with piece goods, and while you gave our plain blankets 20 per cent, woven on four looms to a weaver, these are two looms to a weaver, four by four box, all Jacquard motions, and they are reduced to 14 per cent.

Senator SMOOT. In other words, you want that to be 30 per cent?

Mr. OWEN. We would like to have it equalized with the blankets in any manner you think best to arrange that.

Senator WALSH. Have you prepared a memorandum as to that?

Mr. OWEN. Yes, sir; we have prepared a memorandum.

Senator SMOOT. If you want 30 per cent, that can be easily arranged by putting after the word "cloths," in line 14 of paragraph 908 on page 108, the words "upholstery cloth, Jacquard figured blankets, and blanket cloth made with more than one colored filling thread."

Senator WALSH. Will you please hand your memorandum to the reporter to be inserted in the record?

Mr. OWEN. Yes, sir.

(The memorandum is as follows:)

We ask to have corrected an apparent omission from the tariff bill as passed by the House. Jacquard figured blankets as well as terry-woven and pile fabrics are definitely excluded from paragraph 911, the evident intention being to provide for these goods elsewhere. This has been done in the case of terry-wovens and pile fabrics in paragraph 909, but Jacquard figured blankets and blanket goods are not again mentioned in the bill.

As Jacquard figured blankets and blanket goods are nearest to upholstery fabrics in construction and production cost, we suggest that they be provided for under paragraph 908, making this paragraph read as follows:

"PAR. 908. Tapestries and other Jacquard woven upholstery cloths, Jacquard figured blankets, and blanket goods made with more than one colored filling thread, in the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 30 per cent ad valorem."

Senator SMOOT. As I said, on page 108 of line 14, after the word "cloths" put "Jacquard figured blankets, and blanket cloth."

Mr. OWEN. Yes, sir; "in the piece or otherwise." That would cover it.

Senator SMOOT. So that paragraph 908 as you stated would read:

Tapestries and other Jacquard-woven upholstery cloths, Jacquard figured blankets and blanket cloths, in the piece or otherwise, etc.

Mr. OWEN. Yes, sir. That will come in after the words "upholstery cloths"?

Senator SMOOT. Yes, sir.

Mr. OWEN. That is what we suggest, but one of your experts suggested that we ought to specify "with more than one color of filling" in order to prevent other goods being included.

Senator SMOOT. That would be safer.

Mr. OWEN. He has added after the words "blanket goods," stated in our memorandum, the words "made with more than one colored filling thread." He has added those words to make them specify these goods more particularly. That would cover drop-box work. The warp thread is in all cases one color, and the filling is usually three and sometimes four.

Senator SMOOT. Was that all you wanted to say?

Mr. OWEN. Yes, sir.

Senator MCCUMBER. We are very much obliged to you.

Mr. OWEN. I am very much obliged to you, sir.

PILE FABRICS.

[Paragraph 909.]

STATEMENT OF WARD THORON, TREASURER OF THE MERRIMACK MANUFACTURING CO., LOWELL, MASS., AND HUNTSVILLE, ALA.

Mr. THORON. My name is Ward Thoron. My address is 53 State Street, Boston, Mass.

Senator McCUMBER. What paragraph do you wish to speak about?

Mr. THORON. Paragraph 909, pile fabrics.

Senator WALSH. Your company owns industries in both Massachusetts and Alabama?

Mr. THORON. Yes, sir.

Senator WALSH. Do you make the same kind of goods in both places?

Mr. THORON. No; they are entirely different. Mr. Chairman, under the Dingley and Payne-Aldrich bills there was a compound duty on pile fabrics with a minimum duty of 47½ per cent. The paragraph was exactly the same from 1898 to 1913. There was no change in its wording in these two bills. The Underwood bill reduced the duty to 40 per cent ad valorem. Under the earlier bills the duties actually collected varied from 72 per cent to about 52 per cent. The new tariff, or the Fordney bill, proposes to give pile fabrics a protection of 33⅓ ad valorem on American valuations, which is assumed to be the equivalent of 50 per cent on the foreign valuation. While this will be a substantial increase over the Underwood provision, it actually is quite a little less than the average collected under the two earlier Republican bills.

We all know that a tariff is always largely an experimental matter. Figures are often very misleading. The general impression in our industry is that the provision made for us is sufficient, except in the instance of the finer velveteens which we have recently undertaken to make (that is, since the war began), and which may be designated as twill-back velveteens, in order to distinguish them from plain-back velveteens. They have in excess of 300 picks to an inch, while the plain backs have from 200 to 300 picks; the twill backs will run from 300 to 500 and more.

Senator SMOOT. You want 10 per cent extra?

Mr. THORON. Yes; we want 10 per cent extra for the twill backs. I do not know whether the committee will care to examine samples of the different kinds of pile fabrics. Included in this general designation of "pile fabrics" are, first of all, plushes. This is a piece of finished plush; and here I have samples taken at various stages of manufacture of the same piece of plush; it will interest the committee to know that plush goes through 61 operations in the course of finishing it after it is woven; 4 in the cutting stage, 18 in the dressing stage, 7 in the dyeing stage, 26 in the finishing stage, and 6 in the packing.

Here is a sample of the cloth before it is cut. It is woven double; afterwards a knife cuts it apart, which gives it the pile which shows in this second sample. This shows the cloth after it is cut; and this shows it after it is bleached. The fourth sample shows it after it is dyed, and in the fifth it is finished. Plush is one kind of pile fabric.

Senator SMOOT. Have you a sample of a piece having more than 300 filling threads?

Mr. THORON. Yes.

Senator SMOOT. I just want to look at it; that is all.

(The witness thereupon handed to Senator Smoot the desired sample.)

Mr. THORON. The next pile fabric is what is called corduroy. This is a piece of corduroy finished [exhibiting sample to the committee]. Corduroy requires 102 processes, excluding the weaving; 6 in the cloth room after it is woven, 10 in the napping stage, 2 in the cutting stage. It is cut by machinery, so that this stage is rather simple. After cutting there are 23 operations in the dressing stage, 33 in the dyeing stage, 23 in the finishing stage, and 5 in the packing room, making a total of 103.

These samples show it in various stages of manufacture. This [referring to sample] shows the cloth as woven, and this after napping; both before cutting.

Senator LA FOLLETTE. How is that cutting done?

Mr. THORON. The cloth is placed in a machine, which pays it out to fine iron needles which pick up the races and hold them in place for disk knives to cut them as the cloth is fed to the knives. In corduroy the races are sufficiently far apart to permit doing this on a machine.

These other samples show the corduroy in different stages—when it is brushed, singed, dyed, brushed after dyeing, and, finally, when it is finished. About those two kinds of pile fabrics there is no particular question. We mention them to show what is included in this paragraph.

The next thing I have here is a plain-back velveteen. This is a piece of plain-back velveteen finished. It goes through 456 operations, including weaving as one. The cloth-room operations are 5, cutting operations 376, of which 370 are in cutting.

It will interest the committee, if they are not already familiar with the process, to see what happens. Here [exhibiting sample] is a piece of velveteen cloth uncut. There [indicating] are the races cut, and they are cut by inserting this knife in here and cutting each race in turn. The knife is held in the hand by an operator, and the cloth is put in a machine which rolls it toward the operator, and when the race has been cut the whole length of the piece the operator withdraws the knife and inserts it in the next race, and so it goes on until all the races are cut.

In this particular velveteen, which is only a 22-inch cloth, there are 370 different insertions of that knife required to do it.

The dressing operations amount to about 20, the dyeing operations to 21, the finishing operations to 17, and the packing operations to 6, making in all 455 after weaving.

Senator SMOOT. Referring to this one little piece of goods, there are no importations of this kind of material into the United States, are there?

Mr. THORON. Oh, yes. Fine velveteens have been heretofore largely imported.

Senator SMOOT. Mighty few of them have ever come here. Where do you get the stock for this?

Mr. THORON. It is made out of 1-$\frac{1}{8}$inch, 1$\frac{1}{4}$-inch, and 1$\frac{3}{8}$-inch cotton. We make it ourselves; we do the whole thing.

Senator SMOOT. Is it made of Egyptian cotton?

Mr. THORON. No; Egyptian cotton is too slippery; it will not do.

Senator SMOOT. It is a wonderful thread, and it is likewise a wonderful piece of goods.

Mr. THORON. We have made velveteens even finer than that.

Senator CALDER. Is it made exclusively of American cotton?

Mr. THORON. It is entirely of American cotton.

Senator SMOOT. You say there are pieces like this imported?

Mr. THORON. Oh, yes.

Senator SMOOT. Where do they come from?

Mr. THORON. England. I have some English samples here, if the committee cares to look at them. I did not want to bother the committee.

Senator SMOOT. I wish you would cut me off a piece of that. I would like the sample; I would like to count it.

Mr. THORON. I will leave the whole piece with you. There is very little of it.

Senator WALSH. Will you please describe this piece of cloth [indicating].

Mr. THORON. That particular cloth is a 36-inch twill-back velveteen. It requires 1,577 operations to finish it after it is woven, of which 1,438 consist in cutting the races.

As the Merrimack Manufacturing Co. has only made this cloth (we have never imported any), we know very little about the foreign market. One of our competitors, who makes plain-back velveteens in large quantities is also an importer of twill-back velveteens; he has imported these better velveteens in the picker stage—that is, after it has been cut and singed and finished—converting them at his factory in this country.

There is another manufacturer in New York who has undertaken to make these high-grade velveteens since the outbreak of the war.

Senator SMOOT. What do you get a yard wholesale for that cloth?

Mr. THORON. I think the present price of that to us is about $1.65.

Senator WALSH. That is the manufacturer's price?

Mr. THORON. That is the manufacturer's price to the jobber.

Senator SMOOT. The retail price would be about $7.

Mr. THORON. What the retailer does, I do not know.

Senator SMOOT. You go down and see. It would be not a cent less than that.

Mr. THORON. My competitor, who is also an importer, and, as I said, has finished twill backs from imported cloth, tells me, from the figures he gets from Europe—which he does not give me—it is a very peculiar thing about New England manufacturers, they do not confide in each other at all—that he thinks there is danger in regard to these high-grade velveteens, and that he fears the protection suggested in the Fordney bill will be insufficient to make it possible for us to continue their manufacture.

Senator SMOOT. So far as I am concerned, if you think the American manufacturer can make that cloth I am willing to give him protection.

Mr. THORON. If the committee does not care to have any further argument——

Senator SMOOT (interposing). The committee may; I am speaking only for myself.

Mr. THORON. The facts are that it was not made in this country before the war, and this is the way we came to make it: A large jobbing house, that had been an importer of foreign velveteens in these high grades, finding it very difficult to get any from Europe, asked us if we would not experiment and make some; and we started making these velveteens. Last year while the total volume in yards of velveteens which we sold was no greater than it was in 1914, half of it was of this finer grade, and obviously we had dropped in our sales of the more common grades 50 per cent.

This year, of course, there has been no business in velveteens. I do not think any velveteens have been imported to speak of. The customhouse would know better than I do. But I can not imagine how any importer would venture to buy foreign velveteens this year when the country is oversupplied with them, and none of the local mills were able to sell any to speak of.

There was a great demand for velveteens in 1920. Then you could not satisfy the jobbers. Everybody wanted all you could make. The public ceased buying, however, and when 1921 came the jobbers were stocked with probably a year's supply. We infer this from the quantities of velveteens paid for and stored with us. This year we have not sold any to speak of.

Senator WATSON. How much does that sell for a yard?

Mr. THORON. I have an idea that the present price is something like $1.65 from us to the jobber. What the jobber is selling it for is another matter. I am inclined to think he is probably asking $1.60 in an effort to clean up his stock; he is not buying any, however. We have not sold any. We simply have a price. Until the jobbers get rid of their stock it is useless either to take away his market or to get him to take any more.

On the other hand, it has been a very expensive thing training the people to make these cloths. It is a very hazardous business, because of the number of mistakes that are made. The ease with which mistakes are made makes for a larger proportion of the cloth not salable at a price which returns the cost.

Senator WATSON. Do you use American or foreign dyes in these goods?

Mr. THORON. I think in those blacks the dyes would be American.

Senator WATSON. The velveteens?

Mr. THORON. Yes. When you get to certain shades of other colors to get the proper combination, you sometimes have to have a foreign dye, because we do not use the color that we buy from the dye people as it comes to us. We mix it in with other colors, and while two dye men may offer you two colors that look exactly alike, they will not behave exactly alike in combination with other colors, and consequently they are not an equivalent for each other. But we have found the American dyes we use—and I should think 90 per cent of the dyes we use are of American origin—do pretty well after you learn the trick of using them. It may be a little expensive sometimes to find out what they will do.

Senator WATSON. And you regard them as fast now, do you?

Mr. THORON. That is another question. It depends on the use to which you are going to put them.

Senator WATSON. You testified on the dye question?

Mr. THORON. Yes, sir; I did.

Senator WATSON. As I recall it, you did, and I was asking that question to find that out.

Mr. THORON. Now, gentlemen, that is what we ask for. I do not know whether you care to listen to any lengthy statement as to how we get at the 10 per cent. I will tell you perfectly frankly we do not know ourselves. We hope 10 per cent will be effective. We have no basis for saying 10 or 12 or 5 will do it, but we are willing to try. Of course, being piece dyers, we may suffer from the increased cost of dyes, but we do not agree with the general tendency of opinion that the cost which has to be equalized by a tariff is simply the cost of wages or cost of labor. There are at least six other factors, that are quite as prominent, including the higher cost of machinery, the higher cost of capital, the different labor hours, the restlessness of labor. The restlessness of labor is a very expensive thing; each new gang you get in has to be trained; American labor is much more restless than European labor. There are a half dozen things at least that go to make that up—the differences in cost. Exactly how much each contributes nobody can tell. You can not sit down and figure that. Usually it is said that relative wholesale prices represented a pretty good basis to go by. Probably in normal times they do. But present times are not normal, and I would not give two cents for a comparison between the European wholesale prices and the American wholesale prices at the present time as a basis for such a purpose.

Our general feeling is that we have managed to survive under the two earlier tariffs of 1898 and 1910, whatever the dates were, and even though the cost of a good many things is higher, like in the case of dyes, etc., we consider the protection we will get will cover this, and we are willing to take our chances. We know that the country is apt to howl if duties get too high, though they do not seem to appreciate the fact that during those two earlier tariffs the industries of the country were never more prosperous and the labor of the country never lived on a higher plane of well-being than they did then, and that on the whole the country really benefited by it. If a few people did make some money, it was a very small amount when distributed among the whole number of people who bought things; the country has actually profited to a larger degree.

I have a printed brief here. I can not say very much for it from a statistical standpoint, but it is the best we could do; it represents our views on the subject. I beg permission to file it as a part of my remarks.

Senator McCUMBER. It will be printed as a part of your remarks.

BRIEF OF WARD THORON, REPRESENTING THE MERRIMACK MANUFACTURING CO., LOWELL, MASS.

The Merrimack Manufacturing Co., a manufacturer, converter, and finisher of cotton pile fabrics, respectfully submits the following suggestions relating to the protection proposed to be given to this class of textiles in paragraph 909 of H. R. 7456:

1. Under the Dingley and Payne-Aldrich bills—that is, from 1897 to 1913—the duty was compound with a minimum ad valorem of 47½ per cent. The duty actually collected ranged from a maximum of 71.18 per cent to a minimum of 50.38 per cent. Under the Underwood tariff, from 1914 to date, the duty was 40 per cent ad valorem. Under the Fordney bill it is proposed that the duty shall be 33⅓ per cent on American values, on the theory that this is the equivalent of 50 per cent ad valorem under the old system of foreign values.

2. Although this will be an increase over the protection in the Underwood tariff, it is distinctly less than afforded the cheaper grades of pile fabrics from 1897 to 1913. We believe it will be sufficient in the cases of plushes, corduroys, and the coarser grades of cotton velvets and velveteens; but we do not think it will effectively protect the finer velvets and velveteens, particularly when advanced through or beyond the stage of manufacture known as "cutting." These finer velveteens are generally known as "twill backs," and are composed of in excess of 300 picks, or filling threads, to an inch.

3. We request, therefore, the insertion of a bracket in paragraph 909 for the purpose of giving additional protection to these "twill backs," and suggest that the said paragraph, so amended, shall read as follows:

"Par. 909. Pile fabrics, composed wholly or in chief value of cotton, including plush and velvet ribbons, cut or uncut, whether or not the pile covers the whole surface, and manufactures, in any form, made or cut from cotton pile fabrics, 33⅓ per cent ad valorem: *Provided*, That any of the foregoing containing in excess of 300 picks or filling threads to the inch, including the filling pile threads, when advanced through the stage of cutting or beyond, shall pay in addition to the foregoing rate of duty 10 per cent ad valorem; terry-woven fabrics, composed wholly or in chief value of cotton, and manufactures, in any form, made or cut from terry-woven fabrics, 25 per cent ad valorem."

ARGUMENT.

4. The cotton textiles covered by the designation "pile fabrics" in this paragraph of the bill are plushes, velvets and velveteens, and corduroys.

The United States Tariff Commission has prepared a general statement of the highly technical processes of this portion of the cotton industry, which is sufficiently accurate for all practical purposes. The statistical data which the commission's report contains is insufficient but unfortunately is all that is available. It relates to the group as a whole and furnishes no data from which to judge of the relative needs of the several kinds of cloth in the group. Consequently, it is impossible to draw from it any conclusion in regard to cotton velvets and velveteens as distinguished from plushes and corduroys; or in regard to "twill back" velvets and velveteens of high-pick contents as distinguished from "plain back" velveteens of lower pick contents. The same criticism is applicable to the statistics of the census; although in the 1919 figures corduroys are separated from plushes, velvets, and velveteens, which are still grouped together. We do not see how any useful inferences can be drawn from these statistics.

5. The group as a whole shows a steady increase in domestic consumption of these fabrics during the last 20 years; this increase has been entirely taken care of by increased domestic production. The yardage of imports tended to increase from 1898 to 1902; then to decrease from 1903 to 1910; it trippled in 1911 and remained stationary from that year through 1917; in 1918 and 1919 imports were at their lowest point, and in 1920 they started up again. The figures furnished for the calendar years 1918, 1919, and 1920 show this revival quite clearly, and are as follows:

1918 (357,693 square yards)	$354,356
1919 (433,335 square yards)	593,147
1920 (1,038,664 square yards)	1,115,295

The check or stoppage of imports, due to war and postwar conditions, appeared to be rapidly passing, when, with the utter stagnation of business of the present year, all demand for cotton velvets, domestic or foreign, disappeared, and imports again diminished.

6. How these tendencies apply to the several classes included in the group "pile fabrics" we can only surmise. Our own experience with corduroys extends over 20 years, 10 years with velveteens, 3 years with plush. We sold in 1920 twice the amount in linear yards of corduroys which we did in 1913 and only the same quantity of velveteens; the plush venture is too recent to figure in the comparison. Our own theory is that the chief growth in the production of pile fabrics has been in corduroys and plushes, and that in the last eight years, the production of cotton velvets and velveteens shows very slight, if any, increase. These latter are essentially a luxury for persons of moderate means, and the demand for them is largely controlled by fashion. We think velveteens represent the larger portion of the imports of pile fabrics, and that a certain quantity will always be imported no matter what the duty is, owing to the fact that quality, rather than price, controls in the case of the finer fabrics, and also owing to the prestige of foreign origin, particularly if it be English.

7. The processes to be followed in weaving, converting, and finishing these three kinds of cloth, differ greatly. Velvets and velveteens are much the most difficult to make and finish, and in their manufacture the difficulty increases with the fineness

and width of the fabric. The finest "twill backs" have as many as 500 picks or filling threads to an inch; we have not made any with more than 455 or less than 334; the "plain backs" or more ordinary grades of velveteens will have between 200 and 300. Needless to say, the difficulty of the work, the hazard of accidents and the cost increases greatly with the increased number of threads. We first made "twill backs" in 1914. The demand for our product increased in 1915 and 1916; almost disappeared in 1917; revived in 1918, 1919, 1920, in which last year it equalled that for our commoner "plain backs." In 1921 owing to the large unliquidated stocks in the hands of jobbers and cutters up, demand on manufacturers for all kinds of velveteens has practically ceased. It is for these finer velveteens, which we generally designate as "twill backs," that we ask additional protection in the bracket suggested above.

8. When we come to the consideration of how much protection is needed to be effective, the question becomes very difficult. We frankly admit the additional percentage we have named is purely empirical, and we hope it will be sufficient. For lack of better data we have pursued the following method in our endeavor to reach a conclusion.

9. The fundamental facts which made protection necessary in the past we conceive to be the following:

Relative cost of buildings and machinery: The smaller the cost is, the smaller will be the capital required to be invested in plant for equal productive capacity.

Relative number of hours a plant may be operated, by custom or law: The greater the number is per 24 hours, the greater will be the output from equal productive capacity.

The relative wage scale: The lower the wage scale is, the lower will be the cost of production of equal output from equal productive capacity.

The skill of labor: The skill of the laborer who inherits his craft is usually greater than that of an operative who must be taught his trade without any inherited aptitude for the same. This shows in the quality of the product and in the elimination of loss from defective or bad work.

The relative restlessness of labor: Which is reflected in the labor turnover and the consequent expense of training new men.

The relative cost of capital and of credit: Temporarily or permanently employed in the conduct of an enterprise.

10. While there are other factors, such as taxation, propinquity to market for raw material or for manufactured products, etc., the six just mentioned are the more obvious ones. If we are not mistaken it will be admitted that heretofore, under normal conditions, the advantage in each of these respects has rested with the foreign manufacturer. Such advantage has been, in no way, measurably compensated by any advantage in cost of transportation due to proximity of raw material or of ultimate market for the manufactured product.

11. The domestic manufacturer operated under these permanent disadvantages, and to make industry possible under such circumstances protective tariffs were early devised—tariffs which would not only compensate for these disadvantages but at the same time be a source of revenue to the Federal Government. A protective tariff will not only balance these irregularities and so make industry possible but will do so with sufficient liberality to encourage industries. Other factors may temporarily intervene, such as over or under production, fluctuations in the value of international exchange, which will nullify the effectiveness of a tariff, unless it be framed with sufficient liberality to be fully adequate at all times.

12. Owing to the difficulty of valuing these several disadvantages in percentage of increased or decreased cost, it is no easy matter to frame an adequate tariff, even in normal times. In normal times, when production and consumption are fairly well balanced, comparative wholesale prices, at home and abroad, have been generally thought to gauge the effect of these various factors as well as anything. Such a comparison gave some sort of a tentative basis for determining a proper rate of protection; and subsequent tariffs could modify the same, as experience, rather than logic, showed the necessity.

13. At the present time, as an outcome of war conditions and of an incomplete readjustment from them, comparisons between wholesale prices, foreign and domestic, in many instances offers a very dangerous guide—or, rather, no basis at all—for determining a rate properly protective under normal conditions. This is particularly so in the case of cotton velvets and velveteens, and on this we desire to lay particular stress.

The domestic market is in the following condition: (*a*) Large stocks with the manufacturers, for which there is absolutely no demand; (*b*) large stocks with jobbers, who are offering them below cost of replacement and without success in moving them in any volume; (*c*) no disposition on the part of garment makers or retailers to buy, for reasons of caution, or of credit, or for lack of demand from the ultimate public.

Meanwhile the manufacturers have taken large losses, due to the decline in the value of cotton, and the readjustment of the scale of wages. This we believe is true of the jobbers as well. These factors make for normal values at home—rather subnormal—owing to the present condition of overproduction.

Abroad the situation is different. There has been great reluctance on the part of textile manufacturers in England to take their losses on high-priced cotton, and their wage scales held to certain dates, which have only recently expired. Their wholesale prices still remain unduly high.

Under these circumstances, we insist it is impossible to make any reliable comparison for the purpose of determining a permanent rate of protection.

14. We are convinced that the Underwood tariff will be insufficient to protect our industry, and in the absence of any other reliable data the obvious thing to do would seem to be to go back to the last protective tariffs framed in normal times—those of 1897 and 1909. With these as a starting point we should consider what, if any, modifications they require, in view of changed conditions. Applying this method to our own industry, our first conclusion is that there is nothing in the outlook to indicate that it needs less protection than it received from 1897 to 1913. If the period between these dates is considered a time of normal conditions, we must confess that during those years our business as a whole was not strikingly profitable; a slight variation in the whim of fashion or in the general prosperity of the country tended to make any profit rapidly disappear. During the war period, for various reasons—such as high earnings of wage earners, the extension of such classes to include quantities of women never so employed before, the gradual closing of European sources of supply, and others less clearly discernable—a great wave of prosperity came to the domestic pile fabric industry, resulting in unusual and large profits. This has been followed by a period of stagnation, which sooner or later will end and be followed by the old prewar struggle.

In this post-war struggle there will be some readjustments in the relations of the six groups of factors which we have previously referred to. If we are not mistaken the balance will, more than ever, incline in favor of the foreign manufacturer, and we shall need more rather than less protection than we needed between 1897 and 1913.

STATEMENT OF NELSON KERSHAW, REPRESENTING TERRY MANUFACTURERS' ASSOCIATION, CLIFTON HEIGHTS, PA.

Senator McCUMBER. What paragraph are you speaking on?

Mr. KERSHAW. On 909. We respectfully represent that we are engaged in the manufacture of terry pile fabrics and that our mills are located at various points throughout the United States; that our products are in competition with pile fabrics produced in foreign countries imported into the United States, and that, therefore, the proposed tariff bill is a matter of vital concern to our interests; in view of which it is respectfully urged that your honorable committee gives serious consideration to the following facts in arriving at a proper tariff rate on so-called terry pile fabrics imported into the United States:

First. Fabrics and articles made of terry pile weave—not woven over wires—differ in weaving, handling, and treatment from any and every other class of textiles. The making of terry pile fabrics other than over wires is not strictly a mechanical process; in the sense that in order to produce a pile of uniform depth without the aid of wires much skill and attention is required from the weaver, with frequent adjustment to the machinery. This labor is entirely trained, in very limited supply, and commands high wages.

Second. The Governments of Central Europe, with the purpose of reestablishing their interrupted industries, are appealing to their labor for an extreme minimum wage and a 12-hour day, and we are reliably informed that, when in a position to procure raw material, their factories and mills will begin operations on the above basis.

It must be clear, therefore, to your honorable committee that the terry pile fabric industry of this country could not continue to pay the

high rate of wages commanded by the terry weavers of America on a 48-hour week basis sufficient to maintain the workman's standard of living and continue to operate against the competition of foreign goods manufactured under a low wage and long working day; therefore, we respectfully petition your honorable committee, first, to establish for the terry pile fabric manufacturers a special classification, to wit, uncut pile fabrics, including Turkish towels, Turkish bath mats, Turkish wash cloths, Turkish toweling, Turkish robing, Turkish bath sheets, fabrics, and all other articles made of terry weave, not woven over wires; second, to establish a minimum tariff of 45 per cent on terry pile fabrics and articles made of terry weave, this being the rate of duty prior to 1913, before the Underwood tariff bill was passed.

The rate of duty under the Payne-Aldrich tariff bill was 45 per cent. The Underwood tariff bill put the rate of duty on our goods to 25 per cent.

We appeared before the Ways and Means Committee when they were preparing the bill (H. R. 7456) and petitioned them to give us a special classification, separating our goods from the goods they were formerly classed with in the Underwood bill and to put them into the pile-fabric class, which they have done. But they have only given us in that bill a rate of duty of 25 per cent. We consider that too low, and we petition your body to give us at least 33⅓ per cent under the American-valuation plan. If the American-valuation plan is not carried out, we should ask you to give us a rate of duty of 45.5 per cent to cover our class of goods, so that we can maintain our business without any backward step.

This business is not a large industry. There are but 6,000 looms altogether in the United States.

Senator LA FOLLETTE. How many men are employed to operate them?

Mr. KERSHAW. One individual is required to operate four looms.

Mr. LA FOLLETTE. Is the weaver a man, boy, woman, or girl?

Mr. KERSHAW. Some are men and some are women.

Senator LA FOLLETTE. Are there some girls and some boys?

Mr. KERSHAW. There are no girls and boys; they are grown-up people.

Senator SMOOT. What kind of looms are you using?

Mr. KERSHAW. We use a loom made in Philadelphia. In our particular establishment we use looms made in the East. There are various kinds of looms used. Our looms are all Jacquard work, and we make what is known as high-grade Turkish towels, bath mats, etc.

The reason for asking that is this: The rate of wages that I procured from the statistics furnished by the experts of the Ways and Means Committee are as follows: Wages in Belgium, weavers, is $7.76 per week; in England it averages $12.39; in France it averages $10.20; in Italy it averages $6.13; and in Japan it averages $3.

The average rate of pay that weavers make in our industry runs about $36. So you can see the leeway they have in putting a foreign valuation on the goods that they bring here from those countries and the extreme low cost of operation which they have to pay in manufacturing their goods as compared with us. That is the reason we are asking you to put our rate of duty at 45 cents if the American-valuation clause is eliminated. We are satisfied with 33⅓ per cent if the American-valuation clause is incorporated in the bill.

LACINGS, LACES, AND BRAIDS.

[Paragraphs 912 and 1430.]

STATEMENT OF THE NARROW FABRIC CO., READING, PA.

In the national platform of the Republican Party, adopted in 1920, it is stated:

"But the Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry."

The measure of protection to which American industries are entitled was enunciated by the Republican Party in 1908, as follows:

"In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries."

Applying this just and logical rule to products of our own factory we find that the rates on these as fixed in the pending tariff bill as it passed the House of Representatives falls far short of making up the difference between the cost of production in foreign countries and in America, to say nothing of allowing for a profit for the American manufactures. For this reason we venture to direct your attention to certain schedules and request that the tariff rates in them be raised to more nearly conform to the rule adopted by the political party which has been intrusted by the American electorate with the responsibility for revising the tariff.

LACINGS.

Paragraph 912 of the Fordney bill imposed a duty of 15 cents per pound and 12½ per cent ad valorem on boot, shoe, or corset lacings made of cotton or other vegetable fiber. Under the tariff act of 1913 these were dutiable at 25 per cent ad valorem.

Elastic braids, cords, garters and webbing, in the same paragraph of the Fordney bill, carry a duty of 25 per cent ad valorem. Under the tariff act of 1913 these goods were dutiable at from 25 per cent to 60 per cent ad valorem according to classification. In both instances the new rates proposed are distinct reduction below the present rates and if enacted into law will work a serious hardship to American manufacturers.

In the production of boot, corset, and shoe lacings, 66 per cent of the total cost is represented by labor. In the manufacture of elastic braids labor represents 54 per cent of the cost of production.

Accurate information, obtained first hand by our own officials, shows that German braiders earn 280 marks per week. Foremen receive 50 per cent more and assistant foremen 25 per cent more than journeymen. At the rate of exchange prevailing in August, but which has since come down materially, this gave the braider earnings of about $3.50 per week.

Workers in our factory engaged at the same kind of labor earn $25 to $40 per week.

Here is a discrepancy which the proposed rates in paragraph 912 does not begin to cover. Unless these rates are very much increased we can not hope to successfully meet German competition in these goods. Harmful competition also may be expected from Japan, Belgium, and Italy.

In 1914 German workers in this industry earned about $2.09 per day, or about $12.54 per week. Thus it will be seen that even should German wages advance to the prewar rates, which is highly improbable for many years to come, American wages would be more than 100 per cent higher, a condition which the proposed tariff rates of the Fordney bill would not compensate for. We respectfully ask that your committee fix these rates at a level which will conform to the measure of protection cited at the opening of this communication.

BRAIDS AND LACES.

Rickrack braids constitute one of our principal products. The duty on this article under the tariff act of 1913 is 60 per cent ad valorem. In the Fordney bill (par. 1430) it is proposed to reduce this rate to 45 per cent ad valorem. If this is enacted into law it will be impossible for us to meet German competition. We recently received quotations from Otto Schuller, of Barmen, Germany, on rickrack braids, and from these quotations we have prepared a comparative statement showing the landed cost of such braids at the port of New York and the cost of production in our own factory.

It will be noted that the German quotation includes the 60 per cent duty, now in effect, together with 10 per cent to cover insurance, transportation, and other inci-

dental expenses, while our quotation covers merely the expense of production without any allowance for profit. The statement, to which we invite your careful attention, is as follows:

Comparison of cost on rickrack braids.

Size.	Narrow Fabric Co. cost of production.	German cost landed in New York City.	Size.	Narrow Fabric Co. cost of production.	German cost landed in New York City.
13	$0.43	$0.38	33	$1.05	$1.10
17	.55	.50	37	1.14	1.34
21	.67	.63	41	1.24	1.61
25	.79	.73	45	1.44	1.90
29	.89	.90	49	1.56	2.34

From this it will be seen at a glance how seriously our company would be affected by the reduction from 60 per cent to 45 per cent of the tariff on these braids, as proposed. We submit that this reduction should not be made, and that the existing rate of duty should stand.

Laces also constitute an important part of our output. It is proposed in paragraph 1430 to make them dutiable at 45 per cent ad valorem, which, we submit, is inadequate. Recently we secured quotations from Friedrich Schroeter, of Chemnitz, Germany, on cluny laces, and from them we have prepared a statement comparing the cost of German laces laid down in New York with the cost of production of the same product in our factory. This comparison shows plainly the disadvantage under which we labor in competing with foreign manufacturers. It is as follows:

Schedule.

Our pattern.		Corresponding German pattern.			Percentage of cost of German goods under our cost.
No.	Our cost to manufacture.	W. & L. No.	Cost in marks.	Landed cost, New York City (at 1 cent per mark).	
H-6022	$4.36	4039/18	151	$2.50	0.744
H-1152	6.05	40224	269	4.51	.341
H-3122	4.64	308422	171	2.6776	.731
F-21022	4.42	119422	162	2.69	.643
D-1122	4.03	84522	143	2.37	.700
D-1122½	4.01	84522½	143	2.37	.692
LC-2026	4.81	305226	160	2.66	.620
D-2044	7.07	9644	287	4.82	.467
D-2044½	6.84	9644½	249	4.17	.640
B-2032	5.59	305626	169	2.81	.989
B-24052	9.37	322752	431	7.27	.288
B-22152	9.31	323252	406	6.84	.434
B-22044½	7.61	323244½	335	5.65	.347
C-18052	11.71	306648	462	7.78	.505
B-22052	9.05	323052	430	7.25	.248
C-2044	7.09	318244	226	3.78	.876
C-2044½	7.06	318244½	206	3.44	1.052

The following letter from our southern salesman, Mr. A. L. Lightner, reveals the true situation with respect to foreign competition. It says:

THE GRUNEWALD HOTEL,
New Orleans, La., October 28, 1921.

THE NARROW FABRIC CO.,
Reading, Pa.

DEAR MR. KISSINGER: Eugene Ellis has just returned from Germany. While there he purchased quantities of cluny and filet lace. He said he had to do it in self-defense. He showed me the laces, and the prices in German marks, figured the duty and everything, and showed me how they would cost one-half and in some cases about one-third the price we have to ask.

He says it is almost unbelievable—the costs are almost nothing, 18 cents, 15 cents, 22 cents, up to 35 cents per dozen yards, where we range 34 cents, 48 cents, 57 cents, 87 cents. He says it almost frightened him, to be spending millions of marks only to find he was spending $10,000 or $20,000.

He says the German mind can't grasp it. He says they can't change prices to compare with ours, as they can not think in such staggering figures as told in marks.

He says cluny and filet laces pay 35 per cent duty, while other laces pay 60 per cent, because cluny and filet are classified according to the machines on which they are made.

By the way, the comparative prices he showed me on clunies were figured on the mark at 0.90 cent instead of 0.55 cent, just for illustration. The present rate of exchange, of course, makes the difference all the greater.

A. L. LIGHTNER.

Our argument is based solely upon the proposition that the measure of protection should be to equalize the cost of production at home and abroad. We respectfully ask that you apply this rule in the tariff rates to which we have referred.

WOVEN LABELS.

[Paragraph 912.]

BRIEF OF JULIUS M. REIS, REPRESENTING THE CONSOLIDATED TARIFF COMMITTEE OF WOVEN LABEL MANUFACTURERS OF THE UNITED STATES, NEW YORK, N. Y.

The total investment as represented in this industry is about $8,000,000. We have in operation between 1,200 and 1,500 looms, approximately 1,000 employees, and an annual pay roll of $1,500,000.

For the purposes of this brief we are confining ourselves to that portion of our production manufactured in whole or for the greater part of cotton yarns, although a considerable portion of our product is made up of silk yarns.

We manufacture woven labels or woven-label designs in the form of ribbons of various widths in which are woven trade-marks, trade names, and designs by means of Jacquard ribbon looms. These label ribbons are later cut into units and sewn on or attached to all classes of wearing apparel, such as underwear, shirts, collars, clothing, hats, neckties, shoes; also jewelry bags, mattresses, towels, table linen, etc.

Our industry is very technical. The first step is an artistic design made by our sketch artist. This design, when approved by the customer, is next made into a Jacquard design. From this, as a pattern, Jacquard cards are cut or punched. These Jacquard cards are then laced together and are inserted in the Jacquard machine, which is placed in position above the loom. These Jacquard cards control the design or pattern of the woven label.

We wish to call your attention to the fact that at the time the Payne-Aldrich law was framed we were an infant industry, and are practically so at the present time. Although small in numbers and in the amount of capital invested, we are a very important part in the business of manufacturers of all kinds of garments who use a woven label, trade-mark or design. Cotton labels were originally all made in England, being woven of very fine and delicate yarns. The number of the cotton yarns went as high as 200/2 for warp and filling. In the beginning, naturally, only small quantities of labels were used, but as American factories were established and an active selling campaign started our product became more popular and a greater demand was created for woven labels. During the years intervening from the time of the Payne-Aldrich law we have considerably increased the demand for our product until to-day woven labels are being used on almost all classes of garments, including collars, shoes, shirts, neckties, underwear, and on jewelry bags, mattresses, towels, table linen, and hundreds of other articles. The field was not so attractive to the foreign manufacturers in 1909, but to-day, with the increased demand for our product, the foreign manufacturers are keenly seeking to enter our market and obtain this business, and during the last year we have felt this competition very keenly. In practically all instances they are putting their goods on the market here in this country much cheaper than our cost of manufacture.

Our competition comes particularly from England and Germany, but also from Austria, France, and Japan, in all of which countries labor is paid prices ranging anywhere from 50 per cent to as low as 20 per cent of what our employees are receiving.

It is an actual fact that the different manufacturers represented by the committee submitting this brief could to-day close their factories and import all their labels and make a much more substantial profit than what they are making by running their factories and employing American help.

Fine cotton yarns ranging from one-hundreds upward and which are only obtainable from England constitute over 75 per cent of the construction or composition of our labels. It is impossible to obtain these yarns from American manufacturers, as they do not manufacture them. In fact, American yarns only constitute about 25 per cent of the material of our product. These English yarns are dutiable at from 22½ per cent to 27½ per cent ad valorem plus 7 cents per pound specific duty under the present tariff law, whereas the finished labels woven of these identical yarns are dutiable at only 25 per cent ad valorem plus 7 cents per pound specific duty. It is not very difficult to see how great an advantage this gives to the foreign manufacturers, especially English and German. There is no doubt that the proposed Fordney bill will increase the duties on these cotton yarns, which will, of course, further increase our costs and give a still greater advantage to the foreign manufacturers.

We are now seeking for a tariff that will give us a fair chance to compete with foreign manufacturers, permitting us to continue paying adequate wages to our operatives, make a fair profit, and put our goods on the market at a price which is fair and just to the consumer.

We are submitting a series of eight sets of original calculation sheets made by eight different manufacturers absolutely independent of each other. These calculations are on four specific labels, on which we have also bona fide quotations from a German woven-label manufacturer and from an English woven-label manufacturer. These calculation sheets, together with a tabulation thereof, are marked or designated "Exhibit 1." The quotation from the German manufacturer is marked "Exhibit 3." The quotation from the English manufacturer is marked "Exhibit 4." We have also, attached as "Exhibit 2," quotations from an English importer on the prices of yarns, which prices are used as a basis in our calculation sheets.

From a comparison of the foreign quotations on selling prices, both of German and English manufacturers, and the cost to produce these identical labels in this country, we present this picture, that there is a difference between the foreign selling price and the American cost to produce ranging from 83⅓ per cent to 220 per cent. In other words, you would have to add from 83⅓ per cent in the one instance to 220 per cent in the other to the foreign selling price to make up the American cost price. We might add that in the one instance where the difference was only 83⅓ per cent this was on the English selling price on the "Slipova" label, where the price was quoted on only a very small retail quantity. The prices, of course, decrease materially where large quantities are ordered.

You will also notice that where there is the greatest difference between the foreign selling price and the American cost price this is due to the fact that in these particular labels the element of labor enters into the increased cost, because, owing to the construction of the label, much additional labor is required over the amount required in the other labels.

If reference is had to the Government reports showing the amount of labels imported during the past year represented in American dollars, you will find that for the first nine months labels to the amount of $28,000 were imported. This $28,000, however, simply represents the equivalent of the amount of marks at which these labels were invoiced. The cost of these same labels produced in our American plants would amount to over $100,000, which during the past year of very small business would amount to almost 10 per cent of the total cotton production of our plants.

You will realize that this foreign competition has only just begun. Not only our industry but practically every industry has begun to feel the sting of this foreign competition, which will, no doubt, increase by leaps and bounds during the next few years.

We would respectfully suggest that some clause be added to the Fordney bill requiring that the customs office keep records not only of the amount in dollars and cents of the importations of foreign labels but also the amount of actual yardage or the number of labels that are imported, which will give a much more intelligent picture of the import situation.

We are inserting herein a sheet showing in detail the German and English selling price on the four labels in question, also the American cost price and the percentage of difference between these prices.

At first glance it would appear that the consumer was deriving a great benefit from these low German and English prices but, as a matter of fact, the concerns who are handling this import business are adding anywhere from 75 per cent to 150 per cent on these foreign prices, thereby profiteering in a most flagrant manner. In fact,

the only limit to their profiteering has been to establish a price which is just below our selling price, which naturally attracts the consumer.

In further reference to the calculation sheets and the tabulation of prices therein set forth, we would say that we have taken the prices of the largest manufacturer and the prices of the smallest manufacturer giving calculations, and have struck the average between these two as the prices to be used for comparison with the foreign prices. This average sheet just referred to is attached to the calculation sheets in Exhibit 1.

	Per 1,000 labels.	Difference between United States cost and European selling price.
Slipova:		*Per cent.*
Selling price from Germany	$1.69	220
Selling price from England	2.94	83⅓
Cost to produce in United States	5.39	.....
Custom made:		
Selling price from Germany	.84	188.7
Selling price from England	1.22	100
Cost to produce in United States	2.42	.....
Never-kick-out:		
Selling price from Germany	2.67	197
Selling price from England	2.81	182
Cost to produce in United States	7.92	.....
First national stores:		
Selling price from Germany	1.84	207
Selling price from England	2.33	142
Cost to produce in United States	5.64	.....

Turning now for a moment to review the tariff legislation on cotton labels, we find the situation to be as follows:

The duty on cotton labels imposed under the Dingley bill, Schedule I, paragraph 320, and under the Payne-Aldrich bill, Schedule I, paragraph 330, was as follows: "Labels for garments or other articles composed of cotton or other vegetable fiber, 50 cents per pound and 30 per cent ad valorem (foreign valuation)."

The duty on cotton labels imposed by the Underwood bill, Schedule I, paragraph 262, was as follows: "Labels for garments or other articles composed of cotton or other vegetable fiber, 25 per cent ad valorem (foreign valuation)."

The Underwood bill provided no specific duty.

The emergency tariff bill now in force provides 25 per cent ad valorem (foreign valuation) and 7 cents per pound.

The proposed Fordney bill now before your committee presents the suggested tariff as follows: 20 per cent ad valorem (American valuation) and 50 cents per pound specific duty.

We most respectfully maintain that this duty is absolutely inadequate, and offer in behalf of our contention the tabulations above referred to showing that to arrive even at our cost price from 83⅓ per cent to 220 per cent must be added to the foreign selling price. This, of course, is before we have added or attempted to add to our cost price any profit whatsoever. We feel that the specific duty of 50 cents per pound is of very little benefit to our industry. The weight of 1,000 labels, of average width and texture, amounts to less than one-half pound. This would mean under the proposed Fordney tariff an addition of less than 25 cents per thousand to the price per thousand of the German or English manufacturer. We would prefer to eliminate the specific duty per pound and would suggest a duty of from 150 per cent to 200 per cent ad valorem if the foreign valuation is used or 65 per cent to 75 per cent ad valorem if the American valuation is used. This may seem at first glance an extravagant demand, but if your honorable committee will carefully examine the comparative prices which we have submitted and which are bona fide and substantiated by actual quotations you will see that a duty approximating our suggested figures is absolutely necessary and essential if our industry is to be continued. When you take into consideration that to-day the German workman is receiving not more than one-fifth of the weekly wage paid to American workmen, and labor constitutes over 40 per cent of the cost of our product, and also the advantage both the German and English manufacturers have over us in the cost of raw material, our request is conservative and well warranted.

CHAMOISETTE GLOVE CLOTH.

[Paragraphs 913 and 914.]

STATEMENT OF CHARLES C. ORMSBY, WATERFORD, N. Y., REPRESENTING THE FABRIC-GLOVE INDUSTRY.

Senator LA FOLLETTE. Mr. Ormsby, whom do you represent? Are you a manufacturer yourself?

Mr. ORMSBY. Yes, sir.

Senator LA FOLLETTE. Will you state where your plants are located and what you manufacture?

Mr. ORMSBY. Yes, sir.

Senator MCCUMBER. And what paragraph you speak to?

Mr. ORMSBY. Paragraph 913.

Senator LA FOLLETTE. What is your address?

Mr. ORMSBY. Waterford, N. Y.

My company is the Ormsby-Morris Co., and the O. M. Glove Corporation. One is a manufacturer of the finished cloth in question and the other is a manufacturer of the glove. I also represent here the New Fabric Cloth Mills, Oswego, N. Y.; Merrill Silk Co., Hornell, N. Y.; Fulton County Silk Mills, Gloversville, N. Y.; Fonda Silk Fabric Co., Fonda, N. Y.; Grewen Bros. Co., Johnstown, N. Y.; Kingsley & Mansfield, Northville, N. Y.; William G. Weeper Co., Fonda, N. Y.; Weeper Manufacturing Co., Fultonville, N. Y.; Erie Fabric Co., Fultonville, N. Y.; Grand & Ellis Manufacturing Co., Fultonville, N. Y.; Will R. Geary, Hornell, N. Y.; and Fabric Glove Association, New York, N. Y.

Senator SMOOT. Have you a brief?

Mr. ORMSBY. Yes; I have.

Senator SMOOT. Would you care to have it made a part of the record?

Mr. ORMSBY. Yes.

Senator SMOOT. Very well.

Mr. ORMSBY. I represent the trade. That is about the size of it.

I have brought along a piece of cloth that has been lying around on my desk. I brought it simply to show you what is in question. This is cloth which is made up into fabric gloves. This cloth is called chamoisette, on account of its resemblance to chamois leather or suèded Atlas cloth, descriptive of the surface of the material.

Here [indicating] is a real chamois leather glove which has been in use.

Here is a glove where the suèding is on both surfaces, front and back, and it has not been manufactured in this country, but is one which we would like the opportunity to develop and manufacture if we can.

Senator MCLEAN. Where is that made?

Mr. ORMSBY. It is made in Germany.

Senator MCCUMBER. It is made of chamois skin?

Mr. ORMSBY. No, sir; that is the same cloth, made of cotton, but made on another kind of machine. I do not want to go into the details in regard to gloves, because Mr. Littauer will cover that point of the subject. The two subjects are related.

What we want is an opportunity to make that fabric, as well as the other kind of chamoisette cloth, the manufacture of which we have already established in this country.

This is an industry which was started during the war period. It did not and could not exist or get started under the Underwood tariff. For several years prior to that time we and other manufacturers had been endeavoring to introduce the manufacture of these gloves into this country, but we had no chance at all until the condition came when the imports into the United States were shut off by the war.

Senator LA FOLLETTE. Are you speaking now of the cloth that is similar to the sample which is shown here? And do I understand that that cloth was not manufactured in this country?

Mr. ORMBSBY. Yes, sir.

Senator LA FOLLETTE. How recently?

Mr. ORMSBY. None of that was manufactured in this country in a commercial way until attempts were made along about 1914.

Senator LA FOLLETTE. None of it had been put upon the market before that?

Mr. ORMSBY. Not American-made goods; no, sir. It had not been made in this country.

Senator LA FOLLETTE. How long has it been on the market abroad?

Mr. ORMSBY. I think the fabric which preceded it in invention was in use in this country in about 1909, but this development of it, so far as I am aware, came along about 1910 or 1911; at least, it was about that time that it first attracted my attention.

Senator LA FOLLETTE. Abroad, do you mean?

Mr. ORMSBY. I mean the foreign samples came into this country.

Senator LA FOLLETTE. Came into this country along about 1909?

Mr. ORMSBY. No, sir; 1912 or 1913.

Senator LA FOLLETTE. I understand now.

Mr. ORMSBY. But when the war period came it created——

Senator LA FOLLETTE (interposing). Then, really, it is a manufacture of quite recent invention?

Mr. ORMSBY. Very decidedly so; yes, sir. The machine on which this cloth was made is an English invention, but the getting of the cloth on the American market came to us through Germany. The later machine, on which that other glove that was spoken of was made, is also an English development, so far as the machine goes, but the cloth comes from German sources and not from English sources.

In the first place, this is cotton. We want it distinctly understood that because it is cotton it is not cheap. The yarn that is used is No. 78 or 80 yarn, and that yarn has averaged in price during the war period from $1.25 up to $4 or more.

Senator MCCUMBER. What is it now?

Mr. ORMSBY. The cotton?

Senator MCCUMBER. Yes.

Mr. ORMSBY. The English cotton?

Senator MCCUMBER. The cotton, you said, varied from $1.25 to more than $4.

Mr. ORMSBY. The cotton yarn?

Senator MCCUMBER. Yes.

Mr. ORMSBY. That was American cotton yarn.

Senator McCUMBER. What is it worth now?

Mr. ORMSBY. It is worth, I think, about $1.50 per pound.

This yarn was originally made from a specific kind of cotton. It was a special variety developed in Egypt. Later, as I understand it, they had to bring in the sea-island seed to Egypt from America and renew that every year. That was very fine yarn, especially adapted to this purpose, and it was not supposed, when this American industry started, that we could use any American cotton in it, or cotton yarn. The yarn used abroad is and always has been manufactured, so far as we know, in England, except what has since been developed here.

But, after getting some quantity of goods manufactured, as we proceeded, and particularly when it became apparent that America was going into the war, we sought out American cotton, and the very day that President Wilson went before Congress for the declaration of war in April, 1917, we were on the way to Albemarle, N. C., where we found yarn that we considered suitable, and which we tried, and which has been in use ever since.

Senator SMOOT. Do you want specific mention made of this class of goods which you speak of with a different rate than we have provided in paragraph 913?

Mr. ORMSBY. We feel that it is insufficient for our protection.

Senator SMOOT. What do you want?

Mr. ORMSBY. We would like what we originally asked for, and it is this: We asked the revision of this section so as to make this paragraph 913 read:

Knit fabric in the piece composed wholly or in chief value of cotton or other vegetable fiber made on a warp-knitting machine, 60 per centum ad valorem, but not less than 50 cents for each square yard thereof and, if multifold, for each square yard of each fold thereof.

Senator WATSON. Why is that necessary?

Mr. ORMSBY. That is what we call a minimum specific duty. We want an amount of duty that we know will protect us, if possible. We know pretty well what a specific duty means.

Senator WATSON. Are you familiar with the conversion cost in other countries so that you know that this is necessary?

Mr. ORMSBY. We know this. I can not say that I am, but we know that we have started an industry that has employed up to about 10,000 people; that when we came before the Ways and Means Committee of the House in January we were all busy, and to-day our doors are shut and our help are seeking other employment when and where they can.

Senator WATSON. Do you attribute that altogether to imports of your products from abroad?

Mr. ORMSBY. I attribute it entirely to imports from Germany.

Senator WATSON. You do?

Mr. ORMSBY. Yes; I do.

Senator WATSON. How much have those imports increased in the last year?

Mr. ORMSBY. They have increased considerably, but that is a point that will be developed by Congressman Littauer.

Senator WATSON. Very well. You know that what we are trying to get at is the difference in the cost of production here and abroad, in order to find out, if we can, a basis for making the tariff.

Mr. ORMSBY. When we go into the market competing with the other fellow and he produces goods that he offers for a price for which we can not offer them, we may not know the details of his business, but we have a concrete example of the fact that we are going to be put out of business.

Senator WATSON. Are they offering the same kind of product made in Germany that you make for one-half what you can produce it for?

Mr. ORMSBY. It is offered——

Senator McLEAN. Does your brief contain the reasons and the comparative costs?

Mr. ORMSBY. I have little in it about comparative costs, except that there are some rates of wages which were published recently and which, compared with ours, show a very great difference.

Senator McLEAN. You say that this glove is made on an English machine?

Mr. ORMSBY. That one [indicating]—that is, the fabric.

Senator McLEAN. The fabric is made on an English machine?

Mr. ORMSBY. Yes.

Senator McLEAN. That machine is operated in England or Germany? You say the glove came from Germany?

Mr. ORMSBY. Yes.

Senator McLEAN. Was the machine located in Germany?

Mr. ORMSBY. Oh, I presume it was. I said the origin of the machine was English.

Senator WATSON. Then the Germans duplicated the English machine, reproduced it, and are now making the cloth and the gloves there?

Mr. ORMSBY. Yes. We have letters offering to sell us the machine. The letters are from Germany. But somehow or other when the machines get here they will not work.

Senator McLEAN. You have made a similar article?

Mr. ORMSBY. We have made this article here [indicating]. This will be developed by Mr. Littauer.

Senator McLEAN. Your brief contains the data indicating comparative costs of the two articles?

Mr. ORMSBY. We give some figures about what they pay and what we pay for wages. That is about all. We have not given the whole of it by any means. We know the prices that we are met with.

Senator McLEAN. Is that cloth imported, or simply the glove?

Mr. ORMSBY. There is no cloth being imported for the simple reason that our customers, if the cloth were given to them, could not make it up under the situation as it now exists.

Senator SMOOT. Then no duty will protect you. If they give you the cloth and you can not make them cheap enough to compete, no duty will help. You would not get the trade. You might as well close up.

Mr. ORMSBY. We are closed up.

Senator SMOOT. Then you had better remain closed. If they give you the cloth and you can not make a glove and sell it in competition, then there is no earthly way for us to help you.

Senator McCumber. I think there must be some misunderstanding between the witness and Senator Smoot.

Senator Smoot. I think so, too. I think he must have misunderstood.

Senator McLean. What do they sell these gloves for?

Mr. Ormsby. I do not know. This is a new product.

Senator Smoot. I understood you to say a moment ago that if Germany would give you the cloth—that is, make you a present of it—that you could not make the gloves and sell them in competition with them. Is that what you stated?

Mr. Ormsby. I mean the price of the gloves in the market to-day is so much less than what we can make them for, our manufacturers, that if we furnish that cloth now we doubt whether they could then go into the market against them.

Senator McCumber. In other words, the cost of manufacturing the glove, exclusive of the cloth, is greater than what the glove is being sold for as manufactured in Germany?

Mr. Ormsby. Yes.

Senator Smoot. Then no protection would help you?

Senator La Follette. What he needs is an embargo.

Mr. Ormsby The figures showing the cost of American manufacture of these gloves will appear in the statement of Mr. Littauer, who is to follow. If the industry can have a suitable specific-duty protection, we think the fabric-glove industry will under anything approaching normal business conditions show a growing development and prosperity. To that end we have asked for a specific duty of 50 cents per square yard on cloth and not less than $3 per dozen on gloves, as appears more fully in the printed brief herewith submitted. Mr. Littauer will now present the subject of the manufacture of the finished product—the chamoisette glove.

Senator McCumber. Very well.

BRIEF OF CHARLES C. ORMSBY, REPRESENTING THE FABRIC GLOVE INDUSTRY.

Schedule 9—Cotton manufactures—H. R. 7456:

"Par. 913. Knit fabric, in the piece, composed wholly or in chief value of cotton or other vegetable fiber, made on a warp-knitting machine, 35 per centum ad valorem; made on other than a warp-knitting machine, 23 per centum ad valorem."

Above-described warp-knit cotton fabric is used in the manufacture of suèded or chamoisette gloves and has promising uses in other wearing apparel. It is a new industry established in the country after the World War shut off German exports to America. Its development to large proportions is shown in reports of the United States Tariff Commission for 1918 and later.

Under the Underwood bill (tariff act of 1913) these products are subject to a duty of 35 per cent ad valorem.

With the resumption of trading with Germany the last few months and the consequent large importations of these goods, the American industry has been arrested, its factories closed, and its employees thrown into idleness and obliged to seek other employment, notwithstanding the duty of 35 per cent.

From the fact that our industry has been, for the present at least, wiped off the business map of the country, coming up in the midst of a splendid industrial development and the concrete fact that our customers show us the German goods they are buying and tell us that we must meet the prices they are paying, generally at much less than half we are obliged to ask, we know that we must have a much better tariff protection than paragraph 913 gives, even though it be on American valuation.

The industry in this country is thoroughly competitive and is not a trust or combine. The Fulton County Silk Mills, of Gloversville, N. Y., sell their

product, which is the cloth only, to any purchaser and for any purpose. The Ormsby-Morris Co., of Waterford, N. Y., are finishers of the fabric in conjunction with the Fulton County Silk Mills. The New Fabric Cloth Mills, of Oswego, N. Y., are public finishers of the fabric. The O-M Glove Corporation are makers of the gloves only, while other mills make the cloth and finished gloves complete.

The only means for the manufacturers to ascertain foreign costs are such as are worked out by our Government agencies. The home market is thoroughly competitive, and the prices quoted to the trade in connection with a comparison of rates paid labor here and abroad give the best idea of the duty required to equalize or overcome differences between domestic and foreign conditions.

Marked and revolutionary changes have occurred in the exchanges of the world since paragraphs 913 and 914 were written. Then this industry was flourishing; to-day it is a case of suspended animation. In order to revive the American industry it is essential that radical measures be adopted that will adequately meet the situation.

If the American manufacturer makes undue profits, Uncle Sam corrects the situation through the excess-profits tax.

We therefore ask the revision of these sections to read as follows:

"PAR. 913. Knit fabric in the piece, composed wholly or in chief value of cotton or other vegetable fiber, made on a warp knitting machine, 60 per cent ad valorem, but not less than 50 cents for each square yard thereof, and, if multifold, for each square yard of each fold thereof.

"PAR. 914. Gloves, composed wholly or in chief value of cotton or other vegetable fiber, made of fabric knit on a warp-knitting machine, 60 per cent ad valorem, but not less than a minimum of $3 per dozen pairs, not over 12 inches in length; for each inch in excess over 12 inches, in addition, 25 cents per dozen pairs.

"On such gloves of two folds of such fabric 60 per cent ad valorem, but not less than a minimum of $4 per dozen pairs, not over 12 inches in length; over 12 inches in length, for each inch in excess, 35 cents per dozen pairs."

All based on American valuation.

We believe that any tariff protection short of the above request will under present conditions be wholly inadequate to revive or sustain the industry as an American institution.

Supplementary hereto we append the greater part of a letter published in the Leader-Republican, November 26, of Gloversville, N. Y.

Also an article published in the Textile World (New York), December 3, 1921, page 61, entitled, "German plans disclosed."

If your committee had the time for investigation of the subject, there would be no hesitation in providing an adequate tariff protection.

(Submitted by: Ormsby-Morris Co., Waterford, N. Y.; O-M Glove Corporation, Waterford, N. Y.; New Fabric Cloth Mills (Inc.), Oswego, N. Y.; Merrill Silk Co., Hornell, N. Y.; Fulton County Silk Mills, Gloversville, N. Y.; Fonda Silk Fabric Co., Fonda, N. Y.; Grewen Bros. Co., Johnstown, N. Y.; Kingsley & Mansfield, Northville, N. Y.; William G. Weeper Co., Fonda, N. Y.; Weeper Mfg. Co., Fultonville, N. Y.; Erie Fabric Co., Fultonville, N. Y.; Brand & Ellis Mfg. Co., Fultonville, N. Y.; Will R. Geary, Hornell, N. Y.; Fabric Glove Association, Robert E. Bolles, president, 119 West Fortieth Street, New York.)

TRAGEDY OF ONE UNITED STATES INDUSTRY.

JAMES ROGER, LOCAL SILK MAN, WRITES AN ENLIGHTENING LETTER TO ANSWER INCORRECT STATEMENTS.

James Roger, connected with the Gloversville Silk Mills here, has written a most enlightening article for the New York Times concerning propaganda which the importers are spreading around to thwart American manufacturers in securing a high protective tariff in Washington. The article follows:

"Under the caption of 'The merchant's point of view,' in the New York Times of November 13, an article concerning the closing of a silk glove factory was printed with an offensive title featuring that special paragraph. Called rightly to account by the owners of the factory referred to, in the issue of November 20 a half-way explanation (for it can not be called apologetic) article appeared, and with that characteristic, biased, free-trade, American-industry-be-damned attitude so often apparent in that column, the facts are twisted and turned to save the writer's face.

"I hold no brief to defend the high tariff wall as a barrier to save American industry. There are arguments on both sides that abler writers can offer, but I do feel that a short history of a little-known industry would show the injustice of the publicity given the Merrill Silk Co.

"Before the World War the finer fabric gloves, known as suèded atlas or chamoisette, were all imported mainly from Germany. Originally the industry developed in England; stolen by Germany, it became one of the leading industries of Saxony.

"A word of explanation here: 'Cheap cotton gloves,' to quote the Times, 'are made from cloth woven on fine knitting frames that are wonderful examples of machine work. The yarns employed are among the finest used commercially. The cloth after being knitted is shrunk and napped by secret processes, and the gloves made from the finished cloth are of beautiful texture resembling closely the chamois leather, hence the trade name of chamoisette. The gloves are practical as well as beautiful, and find ready markets, especially in this country.'

"The war brought to an end the importation of these gloves. Not a pair was made here prior to 1915. Immediately American industry took up the challenge to its ability to make the cloth and fashion the gloves. Several manufacturers spent much time and money studying and inventing machines and processes to equal the foreign production. Machines used to make silk cloth for gloves were ingeniously changed to make the new fabric. Progress at first was slow, but in 1917 gloves had been fashioned here from American-made cloth and from then on it was a success, and by 1919 over 10,000 people were employed in this country in the making of cloth and gloves. In addition, there were many others employed in the yarn mills, machine works, and various industries that contributed to the fabric glove trade.

"Fear of the return of imported goods began to force manufacturers in the fall of 1919 to retrench on their commitments and somewhat in their operations. The much-dreaded German gloves began to appear in commercial quantities in 1920, and by the early part of 1921, not alone by the quantities imported but by the prices made, had driven the American manufacturers out of the field, and late this fall the last withdrew, and there are probably less than 100 people employed in the industry to-day throughout the whole United States.

"A tragedy enacted in a year when the unemployment question looms largely in the public eye, we see 10,000 Americans thrown out of work to benefit our late enemy. A new industry gained for America and improved in its hands is butchered to make a German holiday and complete the tragedy of the American-made fabric gloves.

"There is yet time. A bill entitled to relieve the fabric glove industry should receive immediate consideration by Congress. An adequate protection by increased duty, American valuation, or by a system of licenses to be issued to restrict imports—any of these measures, even at this late date, could renew and retain a business that belongs here and gives employment to its people."

[Extract from Textile World, Dec. 3, 1921.]

GERMAN TRADE PLANS DISCLOSED.

METHODS IN ITALY SHOWN BY CONFIDENTIAL REPORT OF A COMMERCIAL ATTACHÉ—SPYING SYSTEM IN USE.

An illuminating picture of methods by which Germany is attempting to throttle important industries in other countries is furnished by a confidential report from a German commercial attaché in Rome, Italy, to his chief in Berlin, which was read by Dr. Chas. H. Herty, president of the Synthetic Organic Chemical Manufacturers' Association of the United States, in the course of an address before the Chamber of Commerce of Jersey City, N. J., on Tuesday of this week. This report was submitted by the attaché in May of this year and was published in the Idea Nazionale, a daily newspaper issued in Rome, in its Sunday issue of August 28, 1921.

Important sections of this report are as follows:

"In order that we may create for ourselves a favorable political situation, taking advantage of the malcontent of the Italian people, and especially of the Nationalist and Nittian Parties against the powers of the Entente, a political situation which might in due course be favorable to us when Germany should be faced by fresh complications, it is necessary to strengthen this discontent in order to consolidate our situation through economic action.

"To this end, the point at which we have arrived is only a quarter of the way. We must create such economic interests and bonds with Italy that, whatever happens, Italy will have to follow our political lead.

"First of all, it is necessary that a systematic supply of German goods be sent here, even below cost price, to a considerable extent. Inundating the Italian market with German goods, we will not only have a place sympathetic to Germany, because, as many of our agents and commercial representatives have verified, Italian consumers gladly accept cheap articles, but we will also create a situation for Italian industry which will render any continuation of activity impossible. This without doubt will cause such a crisis that, besides keeping Italy in constant agitation, will enable us to become the sole masters of the peninsular trade, the more so as, from our information as to French activity in Italy, it appears that the French fear the outbreak of a revolution here which might cause them similar losses to those suffered in Russia.

"Further, such situation would enable us to purchase the Italian industries at a very low rate, which would be the key of the situation, since it would also allow us to control trade between Italy and the Balkans in such a way that Italy would not compete with us for those markets. (See circular Oct. 30, 1920, regarding Italo-Jugo-Slav treaty.) This, of course, will happen as soon as Italy is forced to close down.

"We have before us a varied field of development in Italian industry, viz, trade in rubber, Fiat, Spa, besides all the tire factories and motor-car engine factories, which are already in a state of acute crisis on account of the huge German stocks of these lines sent to Italy.

PEACEFUL DESTRUCTION OF DYE TRADE.

"Then we have the dyeing trade in Italy, which, though in a precarious state of development, holds the promise of an assured future. It is, however, necessary that in order to follow out in this branch, too, the method of peaceful destruction advised by me the Italian Government should not take precautions to prevent the import of coloring matters from abroad, as otherwise it is certain that the Italian industry which, it appears to me, are seeking American capital to support them, might assume a more solid position in the peninsula, a position which it would be more difficult to destroy.

"I have had a promise from the Italian cotton spinners of the possibility of action on their part against possible provisions of the Italian Government. As authorized by you, for my part I have promised that any such action will be compensated by the dispatch of textile machines from Germany at very low prices.

THE TEXTILE INDUSTRY.

"It must not be forgotten, however, that the Italian textile industry, too, offers a field for economic development for Germany in Italy, whether because they are at present going through a period of crisis, or because they obstruct our path toward the East. I understand that in the economic treaties which Italy is on the point of concluding with Jugoslavia she demands that the Jugo-Slavs shall acquire 200,000 quintals (2,000 tons) of textiles per annum in Italy; and it seems that this proposal has been received with pleasure by the Jugo-Slavs, since as a matter of fact the Italian cotton spinners have known how to penetrate that market. Therefore if we succeed in absorbing part of the Italian cotton industry (I have already made tentative proposals for the Rossi Cotton Mill and for the Prato factory, but up to the present I have had no result, and the negotiations have been passed on to the Schimmelpfeng agency and to the office of Consul Oster) we could reduce Italian competition in the Balkans, where we could present our product as being Italian.

"The Consortium of Chemical Products of Berlin, the Deutsche Bank, and the Discount Gesellschaft are already with various Italian groups.

GUIDES FOR FUTURE ACTION.

"As will be seen from this explanation, there is much to do in Italy, but action must be guided by the following rules in order to avoid clashing with Italian susceptibility:

"(1) The Deutsche Italienische Vereinig should be able to continue to bring its influence to bear.

"Instructions must be given to the Deutsche Italienische Vereinig so that its bulletin shall be inspired to draw attention to the lack of Italian products in

Italy, the damage resulting from such lack, and the attempts at economic penetration on the part of foreign countries. Such criterion must also inspire the newspaper campaign of said organization.

"(2) The setting up in Milan, too, of an information office at the consulate general for Germany, with the aim of following the labor movement in north Italy, and to report to Germany in relation to these movements the necessity to send German material and products to increase the crisis.

"(3) As to fuel, it is necessary that after the refusal of the Italians of our offer to collaborate in development of the lignite mines, and for the supply of the market with fuel against facilities of German property, which has been so sequestrated, our action shall be turned toward private individuals."

GERMAN SPYING SYSTEM.

Another interesting point brought out by Dr. Herty in his address was the fact that just as Germany had perfected a remarkable system of sabotage during the war, so has she built up a spying system in the industrial war she is now waging. To illustrate this point, Dr. Herty quoted from correspondence which he received on the date of November 23, this year, regarding the experiences of an American chemist in Germany. This correspondence follows:

"Dr. ———, who is with the ——— Co., has just returned from a trip to Europe, where he went at the request of his employers, as I understand it.

"He saw quite a few people and among them Dr. v. Weinberg, whom you know, and Dr. Seebohm, formerly of the Bayer Co., and now with Griesheim Electron.

"In conversation with Dr. Weinberg, this gentleman remarked that he knew exactly what the National Aniline & Chemical Co. plants had cost, and, if an embargo were put on dyes, they would immediately begin to build and they could build a plant for just one-tenth of what it had cost the manufacturers to build their plants here, and also spoke of their experience, which would naturally be of great use to them.

"Dr. Seebohm, who you know is a brother-in-law of Duisberg, very much astonished Dr. ——— by telling him how their (the ——— Co.'s) yield in August was only so much on certain dyes, where it was higher the month previous, and admitted he had data of the yields and productions of all the dyestuff manufacturers of this country."

Comparison of wages of textile workers.

[From the Trade Record (New York), Wednesday, Nov. 30, 1921.]

	Germany.		United States.
	Marks per hour.	United States equivalent (cents per hour).	
Weaving hands	7.50	3.75	60 cents per hour.
Repair men	7.50	3.75	65 to 70 cents per hour.
Unskilled repair men	7.20	3.60	
Auxiliary repair men	5.90	2.95	
Dyers and such	6.90	3.45	$80 per week.
Stokers	7.20	3.60	Helpers, 40 cents per hour.
Men up to 16 years	3.30	1.65	
Men 16 to 18 years	4.30	2.15	Boys and girls under 18 years not employed.
Men 18 to 20 years	5.40	2.70	
Women weaving hands, etc	5.15	2.575	
Women up to 16 years	2.65	1.325	
Women 16 to 18 years	3.65	1.825	
Women 18 to 20 years	4.10	2.05	Winders, 40 cents per hour.
Drivers and janitors	[1] 294	[2] $1.47	
Watchmen	[1] 360	[2] 1.80	$25 per week.

P. S.—Value of mark estimated at one-half cent for this calculation. On December 3, 1921, its value was thirty-four one-hundredths of a cent.

[1] Marks per week.

[2] Dollars per week.

STATEMENT OF ERNEST JONES, GLOVERSVILLE, N. Y., REPRESENTING GLOVE CLOTH INDUSTRY.

The CHAIRMAN. Mr. Jones, you speak also on the glove matter?

Mr. JONES. The cloth that they make these gloves from.

The CHAIRMAN. You reside in Gloversville?

Mr. JONES. I reside in Gloversville, N. Y.; yes, sir.

The CHAIRMAN. You are a manufacturer?

Mr. JONES. Yes, sir.

The CHAIRMAN. Will you proceed?

Mr. JONES. I make the suèded cotton cloth from which the suède fabric gloves are made. We use nothing but American-made yarns, machinery, and help. We were not able to make it before the war under any previous tariff bill because we could not compete with the low-price foreign and particularly German goods.

During the war, when enemy countries were shut out from our market, we succeeded in making a very satisfactory article, pronounced by many as good, if not better, than the foreign-made cloth. Among our customers were many of the importers who formerly used foreign cloth and gloves, and they encouraged us to go ahead adding to our buildings and machinery to increase our production. There never was any question about the quality and price, and the demand was for more than we could supply. We sold the cloth to fabric-glove manufacturers in many States as well as New York City, our customers being in competition with fabric-glove manufacturers who made their own cloth.

Owing entirely to importations of German-made cloth in fabric gloves our business is now entirely at a standstill, and we have not sold any cloth for many weeks, and two plants we operated are entirely shut down and all the help are out of work and will be until we can get an adequate tariff to protect this industry from such foreign competition as we now face.

Perhaps a comparison of German labor costs with our American standards would be enlightening. Our winders—girls—get 40 cents per hour, against the German equivalent of 2 cents per hour. We use men for weaving the cloth, and the last price we paid before closing down was 60 cents per hour; in Germany they use some girls under 16 years of age at the equivalent of 1½ cents per hour, and their highest-paid men weavers and repair men get the equivalent of 3½ cents per hour. Our warpers were paid (the lowest price before shutting down) 60 cents per hour, against the equivalent in Germany of 3½ cents per hour, and so on. For comparison I am taking the mark at to-day's value of one-half cent.

Is there any wonder we can not compete? How do you expect our people to live? Some get jobs shoveling snow for the city now. If you will give us the protection we ask for we will be able to start up and put our people to work again, but don't you see we can not unless you give us adequate tariff protection?

Based on the present scale of wages paid in Germany, as reported in the News Record of New York City of November 30, 1921, I have prepared a comparative estimate on standard glove cloth as follows:

	American cost.		German cost.	
	Material.	Labor.	Material.	Labor.
Yarn, 1 pound	$1.35		$1.05	
Preparing yarn		$0.05		$0.0025
Winding		.08		.004
Warping		.15		.0075
Weaving		.42		.021
Dyeing and finishing	.15	.45	.12	.0225
Total cost	1.50	1.15	1.17	.0575
	$2.65		$1.2275	

This cloth yields 2.6 square yards to the pound. A square yard costs American $1, German $0.47.

On these costs, with American valuation, 60 per cent ad valorem but not less than 50 per cent a square yard still leaves the German product 3 per cent below the domestic.

Therefore, in asking for 60 per cent ad valorem duty based on American valuation but not less than 50 cents a square yard, we are not asking a prohibitive protection but only sufficient to equalize costs and enable us to compete with the German product and pay wages to conform to the American standard.

I have here a letter dated October 18, 1921, from Gerbruder Herfurth, of Chemnitz, Germany, from which I quote:

Before the war we did a large business for export in colored and duplexed cloth for gloves. In finished cloth gloves we are sold up for a year ahead; however, we could sell cloth for gloves.

Gentlemen, there is a consumptive demand in this country for this product that a few months ago gave active employment to more than 10,000 Americans. With the recent influx of competitive German goods these Americans became, and are to-day, idle and out of employment. It is for you to determine whether the German or the American worker will have this work to do.

Senator McCumber. Where did you get your figures for the amount paid the German worker?

Mr. Jones. I quoted here from the Daily News Record of New York City, under date of November 30, a copy of which I have here.

Senator McCumber. He works 8 hours and gets 16 to 18 cents a day? Do you think it is possible for any human being in Germany to live on 18 to 20 cents a day or 16 to 20 cents a day, let alone taking care of anybody else?

Mr. Jones. Owing to the depreciation of the mark, the mark in Germany will buy more in proportion there than it will when converted here.

Senator McCumber. I know, but will it buy such an amount that 16 cents or 18 cents of American money in Germany would take care of a man, his board and his clothing? Is it possible for any human being in Germany to live on 18 cents of American money?

Mr. Jones. All I can say, sir, that this is dated Berlin, November 8, and apparently written by a staff correspondent of the Daily News Record, who seems to have gotten his information in Germany. I have not been there; I do not know. It is a public statement.

Senator McCumber. What could he buy? Even a green that he eats has a price in Germany, and it could not be such a different price

from what it is in Great Britain or in the United States, and if he has any meat at all he certainly could not get any kind of a steak for less than 15 cents a pound at the present price of cattle. I can not imagine how it is possible.

Mr. JONES. Neither can I, sir; but that is what we are up against.

Senator MCCUMBER. Therefore, it seems to me there must be some mistake about that.

Mr. JONES. We have a consul in Berlin, have we not? He could verify those figures at Chemnitz, Germany.

Senator MCCUMBER. He ought to have it correct; that is true.

Mr. JONES. And that shows we are paying twenty times as much wages.

The CHAIRMAN. Is this German material now being imported?

Mr. JONES. Yes, sir; the gloves are being imported. Of course, they have not sent the cloth, because they have been so busy making the gloves, but this letter from the German manufacturer, dated Chemnitz, October 18, says he has sold all the gloves he could make for a year, similar gloves to those Mr. Littauer showed, and that he has a surplus of cloth now to sell.

GLOVES.

[Paragraph 914.]

STATEMENT OF LUCIUS N. LITTAUER, NEW YORK, N. Y., REPRESENTING MANUFACTURERS OF COTTON GLOVES.

Mr. LITTAUER. Mr. Chairman and gentlemen of the committee, I desire to address you in behalf of the manufacturers of cotton gloves made on warp-knitting machines. This industry is referred to in our tariff bill as it passed the House in paragraph 914 and in the Underwood bill in paragraph 260.

This industry flourished in the United States between the years 1915 and 1919, since when it has been running down, until during the year 1921 it has been entirely eliminated.

It will take but a few words to describe the situation that brought this condition about. I happen to be a leather-glove manufacturer as well.

The tariff on cotton gloves in all Republican tariffs—the McKinley tariff, the Dingley tariff, and the Aldrich tariff—was 50 per cent ad valorem on cotton gloves, and under the Democratic tariff—the Gorman bill and the Underwood bill—it was 40 per cent and 35 per cent, respectively.

We glove manufacturers saw this tide of cotton gloves coming into America during all these years when the duty was 50 per centum ad valorem, and we figured, figured, and figured to see how we could get a part of this growing industry. There was not a single manufacturer in the United States, a single manufacturer of the cloth or a single manufacturer of the gloves, before the war. We could not get along with a 50 per cent ad valorem duty and compete with Germany.

The industry originally started in England. The Germans then took it over.

Senator LA FOLLETTE. When did it start in England?

Mr. LITTAUER. About 1906, 1907, and 1908. I mean by that the method of manufacturing this cloth, this chamoisette cloth, which is cotton cloth. Just let me describe the process of its making.

Senator LA FOLLETTE. If the industry originated as lately as that in England, there was not very much opportunity for it to get started in this country up to the time we went into the war.

Mr. LITTAUER. Oh, yes. We showed after 1914 what we could do in two years. If you will permit me——

Senator LA FOLLETTE (interposing). You had practically an embargo then.

Mr. LITTAUER. We had an embargo, and with that embargo——

Senator LA FOLLETTE (interposing). Were any of the machines upon which this cloth is woven produced in this country?

Mr. LITTAUER. Certainly.

Senator LA FOLLETTE. When were they patented?

Mr. LITTAUER. Patented?

Senator LA FOLLETTE. Yes.

Mr. LITTAUER. I do not believe they were patented. They were originally English machines adopted by the Germans. Some of them were used to manufacture what we call tricot silk.

Senator LA FOLLETTE. Do you know when they were brought to this country?

Mr. LITTAUER. I should say about 1910.

Senator LA FOLLETTE. When was the machine invented upon which this peculiar weave of cloth was produced?

Mr. LITTAUER. I should say somewhere between 1900 and 1905.

Senator LA FOLLETTE. In Great Britain?

Mr. LITTAUER. In Great Britain. Then Germany took over the business. The Germans exported to the United States before the war about 18,000,000 pairs of gloves yearly.

Senator LA FOLLETTE. Did the English export to this country?

Mr. LITTAUER. Nothing whatever. The business started in England and went to Germany. The English were driven out of the business by German competition. The Germans exported to England about 30,000,000 pairs of gloves a year. The lower labor cost in Germany permitted the Germans centered around about Chemnitz, in Saxony, to control this industry. The Englishmen created the art, exported the knitting machines to Germany, and then the Germans made up the cloth and exported the gloves all over the world. England uses nearly 50 per cent more than we use of their product.

Now, let me say a word about the price of these goods before the war. The price of the average importation into the United States in 1913 was $1.79 per dozen; in 1914, $1.43; and in 1915, $1.58. That was for a dozen pairs. These statistics are according to our customhouse records. There were 18,000,000 pairs, on the average, or 1,500,000 dozens exported from Germany to the United States during each one of these years.

Senator WATSON. Each one of which years?

Mr. LITTAUER. During 1913 and 1914. It was entirely a German industry.

Let me go back a step. The glove people of America were constantly endeavoring to get into this manufacture. The cotton glove was gradually becoming more and more desirable to the wearer.

It has a good finish. The particular art in this work is not only to knit but to finish the fabric, to get this leather face, this suède face, on the original knit cotton fabric. To do that is quite a secret, not a standard trade performance, and some succeed better than others.

When the war came on we first depended upon England for yarns, then we induced United States manufacturers to make them. We got an opportunity to fill in this way to make the gloves. The Englishmen came to America to try to get these gloves. Our own importers of cotton gloves, and the largest of these importers, became manufacturers of gloves in the United States, as they were already manufacturers of silk gloves. Cotton gloves came in at a cheaper price than silk gloves. The distributors and manufacturers of silk gloves in the United States were before the war importers of German cotton gloves and took up the distribution of the cotton gloves. When the war came on they came to all of us who could manufacture these cotton gloves and begged us to go into the work. We started. You will remember that at the beginning of 1915——

Senator LA FOLLETTE. When you say "they" you mean the manufacturers of the yarn in Great Britain?

Mr. LITTAUER. No; I mean the dealers in these gloves in the United States, the men who had distributed 1,500,000 dozen of these gloves from Germany every year. They themselves began to try to manufacture, and they attempted to get us and other manufacturers like Mr. Ormsby here to do this manufacturing. Within two years, or from 1915 to the summer of 1916, American energy got to work. We first imported the yarn from England. We then found that that source was intermittent and not regular at all, and we induced our friends in North Carolina and our friends in New Bedford to make these yarns. We found out then that the American yarn was superior to the English yarn for this purpose. We adapted English machines. We set every manufacturer of these knitting machines, which are warp-knitting machines, at work to manufacture them. Then we attempted to get this finish—this suède or leather finish—on the fabric, and then we went into the manufacture of the gloves. Within two years there was expended in the United States between five and seven million dollars in doing this work, and during the year 1916 we had already begun to manufacture and had made 6,000,000 pairs of these gloves. In 1917 we made 12,000,000 pairs, in 1918 we made 15,600,000 pairs. In trade circles, even in the ordinary newspapers, the progress of this industry enlisted a great deal of comment. Many articles were written about the beauty and perfect result of the work of United States manufacture.

Senator SMOOT. How many did you make in 1920?

Mr. LITTAUER. In 1920, 400,000.

Senator CALDER. 1918.

Mr. LITTAUER. In 1918 there were 15,600,000 pairs made in the United States.

These statistics were obtained altogether from the report of the Tariff Commission, that commission having made an elaborate and exhaustive report in 1918 on this subject.

In 1919, when our business began to ebb and the flood of German goods began to come back, we dropped from 15,000,000 to 800,000. During last year, 1920, we produced only 400,000, and this year our

business since the middle of the summer has been absolutely eliminated. There is not a single wheel, so to speak, turning in the United States. None of this fabric can be made, simply because we can not make the fabric into gloves to compete with the German article; that I shall refer to more in detail in a moment.

Now let we give you the other side, the importations. Germany, of course, was out of the export business to the United States during the war. When the war was over, in 1918, they had no cotton. These very men who had encouraged our glove manufacturers to go into the business started to jump over to Germany; they bought yarns in England and they sent them to Germany and had them made up into gloves in Germany, and the men who commended us most highly for our success to-day are the men who now receive their supplies from Germany.

The German importation into the United States during the year 1919 was about 15,000 dozen. That was during that one year. When they reached the month of January, 1920, they exported to us 7,500 dozens. I am giving these figures from the foreign department statistics. They show that they exported to us 7,500 dozen during January, 1920. They were making progress every month. When July came they exported to the United States 43,000 dozens, or approximately six times what they imported during the month of January.

Senator SMOOT. Where do you get those figures?

Mr. LITTAUER. They are published every month in the United States Foreign Commerce Reports.

Senator SMOOT. I have the table here from the Tariff Commission, and the quantity imported from Germany, according to that table, for the calendar year 1920 was only 39,101 dozen.

Mr. LITTAUER. Thirty-nine thousand?

Senator SMOOT. Thirty-nine thousand one hundred and one.

Mr. LITTAUER. For the whole year 1920?

Senator SMOOT. For the fiscal year 1920.

Mr. LITTAUER. There must be something wrong there, Senator. If you will let me look at it, perhaps I can straighten it out.

Senator SMOOT. You may look at it if you choose, but I think that it is right.

Mr. LITTAUER. This is a supplemental report that was made in connection with the 1918 report. They have here, in 1919, the total number of dozens shown as 149,000.

Senator SMOOT. 1919?

Mr. LITTAUER. Yes; 1919.

Senator SMOOT. It is 812,000 in 1919. The great bulk came from Japan.

Mr. LITTAUER. But the Japanese glove is an entirely different article.

Senator SMOOT. It says cotton gloves of all kinds.

Mr. LITTAUER. That is true; but we characterize these gloves as cotton gloves made on warp-knitting machines. If you want me to go into the Japanese question, I can take that up later and show you how they compete with us. These figures that I have here are monthly figures taken from trade statements published in the commercial papers, and they usually give them by the month, and then for the fiscal year.

Senator McLEAN. From what source do they derive their information?

Mr. LITTAUER. I have a letter here from the Department of Commerce. It is a letter addressed to me, stating the imports only for the months of August and September of this year.

Senator DILLINGHAM. Read those figures to us.

Mr. LITTAUER. I am confident that the statement I am making is based upon statistics of the United States Government, and they show that in January, 1920, 7,530 dozen of pairs were imported into the United States. The imports had increased by July, 1920, when they were six times as large. In July, 1920, Germany exported to us 43,885 dozen. Forty-three thousand dozen in July, 1920!

In July, 1921, importations had increased to 142,000 dozen. Think of it, 7,000 dozen in January, 1920; 43,000 dozen in July, 1920; and 142,000 dozen in July, 1921. I think, Senator Smoot, you will find this information in that letter.

Senator SMOOT. I can not say whether these figures are right because I have not checked them up, but in their report this is what they say: Table No. 15, referring to cotton gloves, shows the imports for consumption and the amount of revenue. It shows also, among other things, the value per unit of quantity and the actual and computed ad valorem rate. It goes on to say that in 1910 the imports amounted to 176,253 dozen, the value being $312,947 and the duty collected $218,283. The value of the unit of quantity was $1.78, and the per cent of duty 69.87.

I shall not read the values for the other years, but I shall give you the quantities, which are as follows: 1911, 153,436 dozen; 1912, 86,886; 1913, 79,626 dozen; 1914, 11,996 dozen.

Then again in 1914 under the 35 per cent rate, 1,511,732 dozen.

Mr. LITTAUER. That comes about by reason of the difference in classification made by the customhouse. They did not jump in 1914 to one million and a half from almost nothing. It came about by reason of the fact that those fabric gloves made on these warp-knitting machines were put into a different classification. Here is the glove that was imported before that time, made on what is known as the circular-knitting machine.

Senator SMOOT. In 1914 the 35 per cent was in the Underwood tariff law.

Mr. LITTAUER. Yes.

Senator SMOOT. It says here: "Cotton gloves of all kinds."

Mr. LITTAUER. Yes.

Senator SMOOT. Now, reading further, 1915, 1,513,338; 1916, 664,471; 1917, 112.027; 1918, 420,667; 1919, 149, 333; 1920, 203,370.

Then the report goes into the countries and show what they were in 1920 and where the gloves came from, as well as the value of them.

For instance, take Denmark. In 1919 there was none; in 1920, 205 dozen pairs.

France: In 1919 there were 1,567 dozen pairs; 1920, 315 dozen pairs.

Germany: 1920, 39,101 dozen pairs.

Netherlands: 1920, 1,231 pairs.

United Kingdom: 1920, 1,917 dozen pairs.

Canada: 1920, 12,683 dozen pairs.

Japan: 1920, 186,000 pairs.

Mr. LITTAUER. This table shows for Germany in 1919, 812 dozen pairs, but we have a report for 1919 showing that German importations of these gloves here amounted to 15,000 dozen a month. This table in some way is incorrect. It shows particularly, above here, that in 1919 cotton-glove imports of all the countries amounted to 123,000 dozen, while in the table from which you quoted first it amounts to 149,000 dozen.

Senator SMOOT. The totals are correct.

Mr. LITTAUER. One is against the other. Here [indicating] is the total for 1919 and here [indicating] is the total for 1920. There is a discrepancy in both of them.

This is the article—suède cotton gloves—which competes with kid gloves and silk gloves; while these dozens brought in during the war, particularly those mentioned from Japan in 1919, amounting to 120,000 out of the total of 123,000, were very much inferior and very low-grade, circular-knit, cotton gloves.

Senator SMOOT. It specifically states here the kind of gloves they are. It goes on and gives these figures. This is the table following that statement.

Mr. LITTAUER. This is an extract taken from the Tariff Commission's report of 1918 with some later additions made thereto. It will not conflict with the investigation made by me nor with the careful studies I have made of these matters in connection with the imports into the United States of suèded, warp-knit, machine-made fabric gloves; and I simply want to show you how our business, which was started in 1915, was growing and had reached, according to this report from the Tariff Commission, an output of 15,600,000 pairs in 1918, while to-day it is moribund, not a single pair being made, and the industry being closed and wiped out because Germany, which began exports at a low rate in 1919, to-day exceeds in its monthly imports into the United States the average consumption of the United States. The average consumption of the United States is 1,500,000 dozen a year or about 125,000 dozen per month, while Germany has already, in July, reached 142,000 dozen in exports to the United States. As for August and September you have statistics in that letter I have received from the Tariff Commission.

Senator WATSON. What about the imports from Japan in the meantime?

Mr. LITTAUER. Japan's exports before the war of all cotton gloves amounted to about 500,000 dozen, and by 1918 had reached 3,750,000 dozen.

Senator WATSON. How many to this country?

Mr. LITTAUER. As to this country, all I can say is that the statistics that Senator Smoot has called attention to show 120,000 dozen during the year 1919. But I may add that 1919 was the year Japan killed herself in this industry. The year before she must have imported into the United States five, six, or ten times as many gloves, but the gloves were so inferior and gave so little satisfaction and were of such common nature that they hurt her trade. I have brought some of them here for the purpose of exhibiting Japan's work.

Senator SMOOT. What year are you now speaking of?

Mr. LITTAUER. I am speaking of Japanese goods for the years 1916, 1917, 1918, and 1919. Their exports to the United States now are practically nil. They are, so to speak, entirely out of it.

Here is a pair of gloves very similar to the gloves that I made during the war, knitted on the same kind of a knitting machine with the same kind of yarn. These goods cost me $2.28 to fabricate. Woolworth, in New York City, bought 40,000 dozen last week, for 75 cents, made in Japan.

Senator CALDER. Seventy-five cents the dozen pair?

Mr. LITTAUER. Seventy-five cents the dozen pair—less than the cost of that fabric to me. Here is the glove already made, exported to the United States, 35 per cent duty paid, landed here and sold for 75 cents.

Senator WATSON. What is the difference in the cost; where does the difference lie?

Mr. LITTAUER. If these gloves were made in America I could not sell them for less than $2.50.

The CHAIRMAN. How much is the glove sold for now?

Mr. LITTAUER. Japan sells them for 75 cents.

Senator SMOOT. In America?

Mr. LITTAUER. In America.

Senator SMOOT. With duty paid and profit made?

Mr. LITTAUER. Whatever the profit or loss they made. They sell it in the city of New York for 75 cents.

The CHAIRMAN. Did you say 10 cents a pair?

Mr. LITTAUER. Ten cents per pair is the price they are retailed at, while 75 cents per dozen is the price they were purchased at.

Senator WATSON. You said 75 cents a dozen, did you not?

Mr. LITTAUER. Seventy-five cents a dozen for Japanese gloves. Here is a sample made in America.

The CHAIRMAN. How much are they sold for?

Mr. LITTAUER. $2.50, but we can not sell them.

The CHAIRMAN. How much do they retail for per pair?

Mr. LITTAUER. About 35 cents per pair.

The CHAIRMAN. And they get 10 cents for the others?

Mr. LITTAUER. Ten cents.

The CHAIRMAN. And the material is identical?

Mr. LITTAUER. Both of them are cotton. I should say that the Japanese glove [indicating] is a little bit heavier and coarser.

Senator DILLINGHAM. That is the German production?

Mr. LITTAUER. Japanese.

Senator MCLEAN. Where do you get your yarn?

Mr. LITTAUER. We buy this yarn of the southern manufacturers. The American glove is made out of 40 and 50 single carded southern yarns but is not made of as good yarn as some of the yarn made in New Bedford.

Senator MCLEAN. Did I understand you to say that you get better yarn in the South?

Mr. LITTAUER. I claim that the American yarn, the fine yarn, is better than the yarn of England. We find that it is more uniform. Ours is made out of long staple. It is better for this particular work.

Senator MCLEAN. Did I understand you to say the Japanese importations were of poor quality?

Mr. LITTAUER. Oh, altogether.

Senator MCLEAN. Does that refer to the glove you have shown us?

Mr. LITTAUER. It is a cheaper glove, circular knit, it has nothing to do with this warp-knit suèded glove.

The CHAIRMAN. Is this Japanese glove that you have produced before the committee an inferior article from the standpoint of wear and use?

Mr. LITTAUER. Not at all, sir. It is not an inferior article to the same American glove.

The CHAIRMAN. I understood you to say it was.

Mr. LITTAUER. These gloves [indicating] are made on warp-knitting machines and are entirely different in character of manufacture from these gloves made on circular machines, which we call fleece jersey—underwear cloth adapted to the making of gloves. We have to pay more for these two fasteners than they get for the gloves.

Senator SMOOT. I do not believe they can be made in Japan for 5 cents.

Mr. LITTAUER. I do not know, but that is the price for which they have been sold. England has a stock of hundreds of thousands of Japanese-made gloves.

Senator SMOOT. Do you know the reason why they were sold at that price?

Mr. LITTAUER. I do not.

Senator SMOOT. Can anybody buy them in any quantity?

Mr. LITTAUER. I believe that I could buy another 40,000 dozen at that.

Senator SMOOT. If you take the fasteners, the cotton, and the thread, I think it will cost more than 5 cents. They are not in business for the fun of it.

Mr. LITTAUER. My own manufactured gloves, like the Japanese gloves, can not be sold in the United States to-day. We sold those gloves during the war at a uniform price and sold thousands of dozens in Chicago at $3.50. We have offered those goods to-day at $1.75 and we can find no buyer, because the Japanese gloves are selling at 75 cents.

I beg of you that I be permitted to continue with this much more important subject of the development of the suèded warp-knit cotton-glove industry here, this industry which had its birth in 1914. This industry, let me repeat, has to-day invested, in capital, at least $7,000,000—I, personally, believe $10,000,000—and gave employment to 20,000 people in 1917 and 1918. To-day every one of our people is walking the streets waiting for a tariff to be enacted, waiting to know whether or not he can follow his customary employment and find work or whether he has to go to some other town and find a job doing something else.

I have attempted to show you how the German flood came in and drove us out of business. My next point will be to endeavor to demonstrate why it drove us out of business. Of course, it drove us out for the simple reason that they brought in gloves so much cheaper than we could manufacture them, at such radically different prices, that even the manufacturers of these gloves in the United States during the war—some of the largest of them—went right over to Germany, bought quantities over there, and brought them in here.

We have made an investigation. I, personally, made an investigation on the basis of the American valuation, in order to get some idea how it would affect the industry. I made this investigation in July. Recently, under your $100,000 appropriation, Mr. Reynolds and his

people have made a subsequent one, their investigation having been conducted in November on the basis of imports during September.

Gentlemen, these gloves were sold in the United States at 50 cents a pair before the war. That was the standard price.

Senator WATSON. Made in the United States?

Mr. LITTAUER. None made in the United States. There were no gloves of that character made in the United States before the war. There were no machines running on that kind of cloth in the United States. The same is true of England. According to a statement that I received from a trade paper, cloth of that kind was imported into England before the war to the extent of 5,600,000 yards, in the shape of gloves, from Germany. During the war they, like ourselves, started in to make these gloves without German competition, and at the end of the war they made 5,250,000 square yards of cloth in England. Then came the flood of German gloves. Thirty out of fifty English factories were closed; the Government of Great Britain recognizing that this was one of the key industries laid promptly a high tariff on it, and the industry began to thrive again in England.

We, here in the United States, have not had any Executive provision to take care of us, and we are simply waiting on your action, so that we shall know whether this business is to continue or is not to continue.

Gentlemen, I am here, frankly, to speak of the position I occupy in this business, and it is up to me, if we can not be protected, to buy in Germany so as to be able to compete with the importers and thereby make a profit. I stand here, frankly, as the representative of 20,000 operatives who were at work on the manufacture of these gloves and in producing this fabric, admitted by all importers and by all consumers to be of the highest grade. If you will look at these gloves here, the product of one of my competitors of whom Mr. Bolles is the representative—and it is a well-known company—I think you can readily see why we were complimented right and left and were told that our gloves were the equal of German gloves, and that in some respects they were superior. We produce splendid gloves. Now we are up against the question: Can we get tariff protection which will enable this industry to continue, or shall we close up and consider the industry nothing but a past investment?

Senator SMOOT. Do you agree with the report filed with respect to the fabric industry, paragraphs 913 and 914, and are these the rates that you are asking for?

Mr. LITTAUER. Will you permit me to explain?

Senator SMOOT. Yes.

Mr. LITTAUER. These gentlemen manufacture only the cloth.

Senator SMOOT. I am aware of that.

Mr. LITTAUER. I manufacture the cloth. I do not sell the cloth. I do not know about the cloth by itself. I believe that they need the protection that they are asking for on their cloth.

Senator SMOOT. You want, with respect to 914, the protection that is asked for here?

Mr. LITTAUER. No. I am going to give you another scheme in connection with that. I want to tell you that in July I procured from the customshouse eight samples of gloves of this nature, as they were being imported from Germany, and the prices at which they were

invoiced. The duty was 35 per cent. They have a favorite basis for taking the mark to-day. They all claim that the marks cost 1.6 cents, while we know that to-day the mark is worth but one-half a cent. But, taken on that basis, which is three times what it is worth to-day, these eight samples cost in Germany, translated into dollars and cents on the basis of 1.6 cents, $3.17 per dozen, on which importers pay a 35 per cent duty. Again, the duty is figured on 1.6 cents for the mark, and not as it should be figured to-day on one-half a cent per mark, if landed to-day. Adding the duty and the cost of transportation of 15 cents together, we arrive at a cost landed in the United States of $4.43. That is the average on eight samples of gloves that could not be manufactured and sold on the basis of the American valuation or the wholesale net selling price in the United States for less than $6.75, making a difference, in figures, of $2.32. In other words, on the basis of 1.6 cents to the mark, they could be landed here for $2.32 less than we can make them here.

Then, again, we come to the calculation of American-valuation tariff basis on these goods. If we take the American-valuation average of $6.75 and add duty of 40 per cent thereof to the German cost the landed cost would be $5.85, always figuring on the same basis. If we should add 50 per cent of the American valuation to the German cost, the result would be $6.70.

The examination of the customhouse officials and others in connection with Mr. Reynold's American-value investigation followed, and the importers submitted three samples. I am giving you now the average. I have the German cost figures for each sample, but I am going to give the average. The three samples on the basis again of 1.6 cents, cost $2.80, as against my previous cost of $3.17. With a 35 per cent duty, with the customhouse basis of marks at 1.6 cents, the total landed cost would be $3.93, or practically 50 cents a dozen cheaper than they would have cost according to my investigation in July; and that corresponds with the monthly statement of the Department of Commerce, which gave the import value of these goods in July, 1920, as $4.20 and in July, 1921, as $3, while in September, 1921, the value was given as $2.40 per dozen.

Of course, it is almost impossible for us to reach a conclusion as to how Germany can make these gloves so cheaply, and how she can sell them to our importers so cheaply. I, personally, for a dozen years or more have been interested in this subject. I have been in Chemnitz at least six or eight times. I went practically every summer to see how we could get America into this business. I never could fully appreciate the matter. I did know that with the 50 per cent duty that we had under the Aldrich bill it was practically impossible to manufacture. The 35 per cent duty under the Underwood bill made any attempt the more impossible to manufacture. Even under the previous 50 per cent duty we could not manufacture anything here that would enable us to compete with Germany.

As to German wages, remember that to give you anything authoritative regarding them is extremely difficult.

I have the superintendent of my cotton-glove factory in Chemnitz to-day. I sent him over there to gather facts in this matter. We know—or I know—that in my previous experience that what we paid a dollar for over here Germans paid a mark for over there; in other

words, our labor cost in the manufacture of gloves was in the ratio of about four to one. That applied also to the labor cost in the manufacture of the fabric. If I should take the statements that have been given to us and translate them into dollars and cents I think I could clearly show you to-day that a dollar paid for work in the United States would produce no more work than 5 cents exchanged into German marks and sent to an individual over in Chemnitz, Germany, would produce. In other words, anywhere from 16 to 20 to 1 of our currency translated into marks is the difference between the price that labor is paid here and there.

With respect to labor in this industry, I may say that wages went up in our factory during the period of 1916 to 1919 128 per cent. When we had almost reached the finish we made a reduction of 12.5 per cent in our wages, but we came to the conclusion later on that we could not give our employees the work; that we could not compete; that we could not sell our products; that we could not dispose of the large stock on hand; so we closed our plants and we are not using a pound of yarn, or warping or weaving a pound of yarn, or making a pair of these gloves to-day.

The question now is, What must we have in the way of a duty to compete? I have looked at that question from two standpoints. What rate must we have in order to meet foreign competition? We may as well confine ourselves to Germany, because it is the German competition that we have to deal with. The 50 per cent ad valorem duty that we had before the war is of no consequence at all based upon the foreign invoice value. No industry can be restored on that basis. We asked of the House 60 per cent, but in connection with that we asked that the least amount of duty on two-button gloves, or the 11-inch length glove, should be not less than $3 a dozen. I can give my figures to you if you desire them. I have them translated. They require considerable study. So, unless we can get $3 a dozen duty, we can not manufacture these gloves in the United States. The industry will be ended and our forces will be dispersed.

Senator DILLINGHAM. You stated that before the war certain classes of these gloves were selling for 50 cents?

Mr. LITTAUER. Yes.

Senator DILLINGHAM. What are they selling for now?

Mr. LITTAUER. Let me give you an illustration. The gloves sold before the war at 50 cents, and they are now paying and always have paid the importer and the retailer a large profit. The average customhouse entry on gloves during 1914, 1915, and 1916, according to that table of the Tariff Commission—when the million and a half dozens were imported—was around $1.50 or $1.75 per dozen, to which add 35 per cent for duty and 15 cents per dozen for the cost of bringing them over. They sold for 50 cents a pair. During the war we first began to sell them so that they would sell at 75 cents a pair. Then came the increased cost of yarns and labor. I paid 80 cents a pound at first, and finally the price went up as high as $4.20 per pound and then the gloves went up to the $1 basis per pair.

Gentlemen, here is the advertisement of one of our largest former United States manufacturers, now an importer. The advertisement reads for the fall of 1921—an advertisement of chamoisette gloves—to the effect that the prices will be reduced to 75 cents. These gloves

that now ought to be selling for 50 cents or less are going at 75 cents. Among these advertisements is one of a Washington house. Remember, gentlemen, that these are the same gloves that have been considered by the American-valuation forces that have been at work lately. The profits importers are making on these goods are enormous.

Senator McLEAN. These are the prices of the imported article?

Mr. LITTAUER. The prices of the imported article as sold in our retail stores Night before last I saw an advertisement in the Evening Star, again, giving these same prices.

Senator DILLINGHAM. These gloves were selling for 50 cents before the war?

Mr. LITTAUER. Yes; and are now 59 cents, 89 cents, and on up to $2, according to styles.

The dear wearer, the working woman or the lady, has not been considered. The importer has gotten all of the good out of the business, having driven the American manufacturer out because he had a big leeway and was selling goods at a big profit.

I do not know whether you have this American-valuation report here or not, but I happen to know something of the figures in connection with that.

Senator SIMMONS. How does it happen, Mr. Littauer, that you know about these figures before the committee is informed about them or furnished with them?

Mr. LITTAUER. I think they were sent to you the last week or so. At any rate, an inspector of the customhouse came to me and said, "Here are three standard styles of gloves. What can you manufacture them for? What are you selling them for?" I gave him the price at which I could sell them.

Senator SUTHERLAND. This committee called a meeting, did it not, of all the different manufacturers and has been in touch with you?

Mr. LITTAUER. Yes. Mr. Bolles, my competitor, and I were there at the same time. They asked us, "Do you make a similar article?" Of course we had to hunt up an article that was as nearly similar as we could get it.

Senator WATSON. Did they give you the figures on this kind of glove?

Mr. LITTAUER. No; but I knew what they bought them at. I knew they had contracts still coming. Remember that these figures are on the basis of 1.6 cents per mark.

Here, for instance, is a two-fastener glove. It cost, with duty to land, $2.85. If it were figured on one-half cent for the mark, it would cost to land in the United States $1.

Senator McLEAN. This glove is selling for $1?

Mr. LITTAUER. That glove is advertised to sell for 89 cents.

When you come to the 16-button glove, which they claim should be valued at 1.6 cents to the mark, its cost landed is $5.55 per dozen; at one-half cent to the mark, it would cost only $1.85.

Senator McLEAN. Is there no English competition?

Mr. LITTAUER. Oh, no. England can not compete with Germany. She produces for herself and her colonies.

Senator McLEAN. They have a monopoly?

Mr. LITTAUER. Germany controls this trade in the world.

Let me be quite frank with you. The machines that knit this fabric also knit silk fabric. The silk industry was practically in the same position at its start. When we began to manufacture silk gloves it was only because we got an adequate tariff. It was a 60 per cent tariff. Then silk gloves were sold at $1 per pair. To-day they are sold at 50 cents a pair, or they were before we had the skyrocketing in silk. The silk went up, as you will remember, from about $4 a pound to $15 and $18 a pound. But by concentrated and large production we have been able to make the best silk glove in the world. Germany can not compete with us at all. She does not begin to make as good silk as we do, nor as good silk gloves as we do. We have the silk-glove trade of America wherever good silk gloves are wanted. We have it even in Germany and in England. We can do the same thing with these cotton gloves if an adequate tariff be now given to us. The cotton glove is driving out the leather glove. The consumption of leather gloves is no more than one-half to three-quarters of what it used to be. Why? Because the women find these gloves very satisfactory. It has even affected our silk gloves because these gloves are cheaper and look so well and are so popular. If we can once get back to our 15,000,000 pairs and develop from there on upward, we feel that we can make this a business in the United States that would take about $15,000,000 capital and that will keep from 15,000 to 30,000 people in the United States at work.

Senator DILLINGHAM. During the time that you were supplying the American market how did your retail prices compare with the retail prices to-day, when Germany is supplying the market?

Mr. LITTAUER. I should say our retail prices were one-third more than to-day.

Senator DILLINGHAM. That was during the war?

Mr. LITTAUER. During the war. Everybody was satisfied. While these people to-day advertise that they are saving the public 40 per cent, their figures do not really show it when they come down to the retail price per pair, even though they advertise cotton gloves at $3 per pair. They may have gotten it for a few pairs. Such figures are a great deal like the statistics that you are so often burdened with by expert witnesses.

I was simply astounded to see the character of the samples that were brought forth during the testimony of Mr. Fix and, again, by Mr. Doherty in connection with the fabric gloves. They took extreme cases—fancy, elaborate things—and not the average common glove that is used by the average person.

Mr. Fix claims that the price of these gloves before the war, according to the example that he gave, was—well, I do not like to go into these things too much, but the example that he gave rested on a comparison of prewar prices with present export prices. Gloves, cotton, 15.50. Your statistics during that prewar period would show that the gloves averaged 6 marks. Now, here you have an example of 15.50 marks, and they claim that these gloves to-day cost 375 marks—15.50 before the war and 375 now. In another letter that I believe you, Senator, introduced Mr. Doherty comes along and instead of basing his figures on 15½ marks prewar he bases them on 10 marks before the war, but he says that such a cotton

glove has now gone up to 700 marks, or seventy times. Mr. Fix, on the other hand, gives it as from 15.50 to 375, or approximately twenty times.

Now, those are very misleading. I could not prove that they are not correct. But I do know that the basis of the average value in January, 1920, and the basis of the average value in January, 1921, shortly before the time when they made their statements, was $3.25, which is equal to 200 marks on the $1\frac{6}{10}$-cent basis, while they give you examples at 375 and 700 marks.

And again, the average value in 1914 was $1.43, equal to 6 marks, and in 1915 it was $1.50, equal to $6\frac{1}{3}$ marks. But I do not want to get into the controversial end of the thing.

I believe that the proposition we made originally to the House committee must be granted this trade if it is to continue, and that is paragraph 914, which allows us 40 per cent ad valorem under paragraph 402. I believe that we should have 50 per cent; I believe 50 per cent will enable the importation to continue in a large way, but will enable us to get going and revive. But I do feel that we should have a provision which we offered to the House, but which the committee would not entertain, or at least did not grant, that the ad valorem rate shall amount to not less than $3 per dozen pair, 11 inches or less in length—this glove here [indicating sample]; and in addition thereto 15 cents per dozen for each inch in length in excess of 11 inches, to take care of these long gloves that go way up here at times [illustrating].

Senator SMOOT. Instead of 25 as recommended by the different organizations?

Mr. LITTAUER. Yes, sir; I want to get it down to the closest possible basis we could get it.

Gentlemen, every accessory that goes into this glove is an American-made accessory. Our fasteners are made in America; our sewing silks and embroidery silks are made here; our tapes are made here. This is entirely an American product.

Senator CURTIS. And you get your cotton here?

Mr. LITTAUER. We get all our cotton here. I would like to have the letter from Efird Mills, North Carolina, in the record, because this is one of the most successful manufacturers of cotton yarns, and I will just give you the last part of it.

The CHAIRMAN. Mr. Littauer, where else would you get the cotton except in this country?

Mr. LITTAUER. We would get it in England or Egypt. These gloves were always made of Egyptian yarn before the war.

Permit me to just read you a part of a letter. The cotton came from the Efird Manufacturing Co., Albemarle, N. C., and they write us under date of December 5, or to Mr. Jones, the president of the Fulton County Mills, that manufacture this cloth [reading]:

We have done a fine business of our Efird 78/1 with you and with others, but the fact is that there has been nothing in the way of new business for a long while. I have one customer, a big user of this yarn, who is quite discouraged over the delay in Washington as regards any relief. As I understand him, there is German competition, which his firm could not meet, even if we made them a present of the yarn.

Senator SIMMONS. What is the date of that letter?

Mr. LITTAUER. December 5, 1921. In other words, gentlemen, the fact is that none of us have bought any yarn since last May or June. We have used up the yarns that we had, and we are all closed down, and it is pitiful. I do not want to go into any harrowing tales, but really to-day they are shoveling snow, working in wood yards; men who received from us from $45 to $65 a week in pay, expert weavers and warpers of the finest knitting machines the world knows. These are all skilled workers; and take the girls who work at making gloves—and I see the pay rolls; I see the amount that they earn—from 18 to 25 years of age earn anywhere from $24 to $42 a week.

We had to induce labor to take up this new industry during the war. We paid full price, and, as I told you, there has been no cut worth speaking about since then, not more than $1 or $2 a week, and it was all foolishness, because unless we can get a tariff that will compensate we can not continue this industry.

Another thing is, we are moribund—we will be dead pretty soon, unless the Congress acts.

Senator SMOOT. Do you request any different rate on the two-fold fabric over the one-fold?

Mr. LITTAUER. Well, the two-fold fabric is a very interesting matter in connection with this work.

Senator SMOOT. I know that. But I wanted to know whether you are asking distinction to be made there.

Mr. LITTAUER. No; it will all go in under the same rate. Of course, per fold all the rates on them are the same. But the cotton——

Senator SMOOT (interposing). I am not talking about the fabric at all; I am talking about the gloves.

Senator SIMMONS. I desire to ask for some information.

Mr. LITTAUER. We require that foreign goods be stamped with the country of origin, and it is carried out and passed by our customs authorities in such a way as to give us American manufacturers no protection. Here is a pair of gloves [exhibiting samples to the committee] imported from Germany. The only statement of the country of origin on that is on the base of that fastener there [indicating], "Made in Saxony." And, then, Senator, look at the stamping that is permitted to pass.

Senator MCLEAN. Read it.

Senator SMOOT. I can not; I would have to get a better light.

Mr. LITTAUER. It is the word "Saxony," there. But I do not claim that that is any fair way of meeting the provision of the law. Canada is very much more exact than we are.

The CHAIRMAN. That is a matter that ought to be taken up with the Treasury Department.

Senator SIMMONS. I was not in the room when Mr. Littauer began his statement. I did not hear the first part of it. I wanted to inquire if the Government statistics contained in the Monthly Summary of Foreign Commerce showing the number of knit gloves imported into the United States in the last 10 months, ending with October, have been put into the record.

Mr. LITTAUER. Yes; I put them into the record as far as I could. If you have them there I would like to corroborate them, because

Senator Smoot brought up some other figures that were in a digest. This is the publication I base all my figures on.

Senator SIMMONS. I simply wanted to inquire if you had offered the committee, before I came in, any evidence that the importations during the last 10 months, ending in October, exceeded the number given here?

Mr. LITTAUER. I based everything on those figures. I have no other way of knowing.

Senator SIMMONS. You admit, then, that the importations from all sources of cotton gloves into this country during 10 months ending October 30, 1921, was less than 1,000,000 dozen?

Mr. LITTAUER. Yes; and if you take the July, August, and September—I happen to have a letter from the Department of Commerce; here is the August imports——

Senator SIMMONS. I am taking the totals.

Mr. LITTAUER. Remember, they are growing by leaps and bounds, and there were ten times as many in July as January.

Senator CURTIS. Will you have that letter put into the record? It was not put into the record.

(The letter referred to is as follows:)

DEPARTMENT OF COMMERCE,
Washington, October 27, 1921.

LITTAUER GLOVE CORPORATION,
235 Fourth Avenue, New York, N. Y.

GENTLEMEN: In compliance with your request of October 25, I take pleasure in quoting below the imports of cotton gloves into the United States during the months of July, August, and September, 1921:

July, 142,152 dozen pairs	$424,620
August, 137,726 dozen pairs	402,792
September, 129,917 dozen pairs	330,438

Very truly, yours,

J. HOHN,
Chief, Division of Statistics.

Senator SIMMONS. I would like to know if it is established in that letter that during the 10 months ending June 30 less than 1,000,000 dozen gloves were imported into this country.

Mr. LITTAUER. I will admit anything that those figures tell, because I believe they are correct.

Senator SIMMONS. And that, I understand the witness to contend, has destroyed the cotton-glove industry of the United States.

Mr. LITTAUER. Complete destruction of the cotton-glove industry.

Senator SIMMONS. I am talking about cotton gloves, because the figures apply to cotton gloves and to no other kinds.

Mr. LITTAUER. I suggest that paragraph 914 be amended to read as follows:

Gloves, composed wholly or in chief value of cotton or other vegetable fiber, made of fabric knit on a warp-knitting machine, 50 per centum ad valorem, but not less than a minimum of $3 per dozen pairs, not over 11 inches in length; for each inch in excess over 11 inches, in addition, 15 cents per dozen pairs.

On such gloves of two folds of such fabric, 50 per centum ad valorem, but not less than a minimum of $4 per dozen pairs, not over 11 inches in length; over 11 inches in length, for each inch in excess, 25 cents per dozen pairs.

COTTON AND LINEN HANDKERCHIEFS.

[Paragraphs 917, 1015, and 1400.]

BRIEF OF JOSEPH W. STEIN, REPRESENTING THE AMERICAN MANUFACTURERS OF COTTON AND LINEN HANDKERCHIEFS.

The undersigned American manufacturers of cotton and linen handkerchiefs respectfully request that certain amendments be made in the new tariff act as it passed the House (Fordney bill, H. R. 7456). We are interested in paragraph 917, covering cotton handkerchiefs, paragraph 1015, covering linen handkerchiefs, and paragraph 1430, which covers embroidered, initialed, tamboured, hemstitched, appliquéd or scalloped handkerchiefs.

With respect to the last paragraph (1430), we request that hemstitched, drawnwork, embroidered or otherwise ornamented handerkchiefs, otherwise provided for in that paragraph, be provided for, if made of cotton, in paragraph 917, covering cotton handkerchiefs, and if made of linen, in paragraph 1015, covering linen handkerchiefs, and that these ornamented handkerchiefs be omitted from paragraph 1430, which will still cover a great variety of articles.

I. COTTON HANDKERCHIEFS.

Paragraph 917 of the Fordney bill (H. R. 7456) is as follows:

"PAR. 917. Handkerchiefs and mufflers, composed wholly or in chief value of cotton, finished or unfinished, not hemmed, shall pay duty as cloth; hemmed or hemstitched shall pay, in addition thereto, 10 per centum ad valorem: *Provided*, That none of the foregoing, when containing yarns the average number of which does not exceed number 40, shall pay less than 25 per centum ad valorem; nor when exceeding number 40, less than 30 per centum ad valorem."

We ask that the above paragraph be stricken out and that in place thereof there be incorporated in the new tariff bill a new paragraph somewhat similar to that contained in the Payne-Aldrich Act of 1909 (par. 322), with appropriate changes in rates to meet present conditions. We request that you adopt as the paragraph covering cotton handkerchiefs, the following:

"Handkerchiefs or mufflers composed of cotton cloth, in the piece or otherwise, finished or unfinished, not hemmed, shall pay the same rate and amount of duty on the cotton cloth of which they are composed as is imposed by this act on cotton cloth of the same kind and description. If such handkerchiefs are hemmed only, they shall pay 9 per centum ad valorem in addition thereto: *Provided*, That such handkerchiefs and mufflers shall not pay a less rate of duty than 30 per centum ad valorem. Handkerchiefs and mufflers composed of cotton cloth in the piece or otherwise, finished or unfinished, hemstitched or imitation hemstitched, or revered, or having drawn threads, shall pay a duty of 37½ per centum ad valorem. Cotton handkerchiefs and mufflers composed of cotton cloth in the piece or otherwise, finished or unfinished, if embroidered in any manner with an initial, letter, monogram, or otherwise, by hand or machinery, or if tamboured or appliquéd or scalloped, or if trimmed wholly or partly with lace or with tucking or insertion, shall pay a duty of 42½ per centum ad valorem."

II. LINEN HANDKERCHIEFS.

Paragraph 1015 of the Fordney bill (H. R. 7456) is as follows:

"PAR. 1015. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, finished or unfinished, not hemmed, 33½ per centum ad valorem; hemmed or hemstitched, 36 per centum ad valorem."

We ask that this be stricken out and that there be substituted in place thereof the following:

"Handkerchiefs composed wholly or in chief value of flax, hemp, or ramie, or vegetable fiber other than cotton, whether in the piece of otherwise, finished or unfinished, not hemmed, shall pay the same rate and amount of duty on the cloth contained therein, as is imposed by this act on cloth of the same kind and description. If such handkerchiefs are hemmed they shall pay 9 per centum ad valorem in addition thereto: *Provided*, That such handkerchiefs shall not pay a less rate of duty than 30 per centum ad valorem. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, in the piece or otherwise, finished or unfinished, hemstitched or imitation hemstitched, or revered, or having drawn threads, shall pay a duty of 37½ per centum ad valorem. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, in the piece or otherwise, finished or unfinished, if embroidered in any manner with an initial, letter, monogram, or otherwise,

by hand or machinery, or if tamboured or appliqued or scalloped, or if trimmed wholly or partly with lace or with tucking or insertion, shall pay a duty of 42½ per centum ad valorem." [1]

III. COMPARISON OF FOREIGN AND DOMESTIC COST OF MANUFACTURE.

At this time it is hardly necessary for us to go into the intricate details of the method of manufacturing handkerchiefs, as it was fully discussed, explained, and covered by statistical data in support of the American manufacturers' contention for protective duty at a hearing before the Committee on Ways and Means of the Sixty-second Congress, third session, 1913.

Handkerchiefs are made of various fabrics, but those to which we wish to direct your attention are of cotton and of flax or other vegetable fiber, and we shall endeavor to show that the rates in our proposed paragraph are essential to enable the American manufacturer to successfully compete with the foreign manufacturer and pay such wages as will enable the American workman to continue in this industry and maintain a decent standard of living. In the American handkerchief trade there is actual, open competition and monopoly is impossible. Cloth is easily obtained as are also the sewing machines, and anyone owning a single machine can become a handkerchief manufacturer. We are classed as a highly competitive industry. The American handkerchief industry employs many thousands of people at good wages. It also uses cotton cloth made out of American-grown cotton. Our cotton handkerchief industry therefore contributes directly to the benefit of the textile and yarn industry as well as other allied industries. The industry here represented employs approximately 10,000 laborers, involving a yearly wage expense of from $7,500,000 to $10,000,000.

Our petition for an increase of rates over those provided by the act of 1913, and in some instances slightly above those contained in the act of 1909, is based upon the difference in the cost of producing the same articles in American factories. We annex hereto several examples showing the rate paid for hemstitching, finishing, thread, ribbon, and boxing, and it becomes very apparent that without any factory overhead whatever the American manufacturer pays his workers fully 25 per cent more than is paid to the British workman, who is our greatest competitor. If we add our factory overhead you will readily see that our production cost is double the production cost of goods manufactured in Great Britain. In these cost-of-production statements the British price is computed at an exchange rate of $4 to the pound, for the reason that this exemplifies existing conditions. At the same time we have also extended the figures on the basis of exhange at the rate of $4.8665 to the pound sterling. British contractors will do work at the figures we have set forth in our table for anyone furnishing the cloth for the purpose. Of course the price which the contractor charges includes his entire factory cost, his overhead, and also a profit.

You can therefore readily see what a great advantage the British manufacturer has over the American manufacturer, and we can confidently assert that if it had not been for the European war, which took so many workers away from their usual vocations and naturally made labor in this line very scarce, this country would have been flooded with European handkerchiefs, and the majority of our factories would have been compelled to close, thus destroying an industry giving thousands employment.

We desire to call your special attention to a few exhibits which we are submitting to substantiate our claim for additional duties. Exhibit A is a woman's colored woven border handkerchief which can be bought in the Belfast market at 2s. 2d. At the present rate of duty and figuring the pound at $4, the importer can land this article at 58½ cents per dozen net. We are also submitting our cost sheet, which will show you that a similar article made of the same material and in the same way by an American manufacturer cost $0.8128 per dozen net. In order to give us such protection as will enable us to compete with this British made handkerchief, we are certainly entitled to a duty of 37½ per cent, which is what we ask as per annexed schedule.

Exhibit B is a man's handkerchief made of cotton and can be bought in Belfast at 4s. 4d. This the importer can land at $1.17 per dozen under the same condition as above. Our cost of a similar article made of cloth of American manufacture is 1.5193 cents.

Just as an example of the great disadvantage under which we are laboring can be clearly shown in the item of hemstitching. In Belfast the worker is paid for stitching a 12-inch handkerchief with 15 stitches, 30 pence for 12 dozen, or 2½ pence per dozen. Granting that this factory overhead is the same as ours (but we are sure it is not), his cost per dozen for hemstitching is 5 pence, or 0.0840 cent, whereas our cost, plus overhead, is 0.1496 cent.

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[1] Rates in above proposed paragraphs are American valuation.

Another example is shown in hemstitched handkerchiefs of 18 inches and 16 stitches for which they pay 45d. for 12 dozen, or 3¾ pence per dozen. With factory overhead this is 7½ pence, or 0.1232 cent. Our cost plus factory overhead is 0.2186 cent. And so it goes through every operation of labor, until, in the final analysis, we find that we are paying nearly 100 per cent more for our labor than do our British competitors. They also have a great advantage in the purchase of cloth. The cloth shown in Exhibit B cost in Manchester 3 shillings per dozen, or 60 cents, whereas our cloth cost us $1.55 per dozen. The same labor costs apply to linen handkerchiefs, and we therefore respectfully ask that the same duty be assessed on hemstitched handkerchiefs made of flax, etc—that is, 37½ per cent ad valorem.

An industry which has great possibilities if properly protected, is the manufacture of embroidered handkerchiefs. Our greatest competitors are in Switzerland. Again, a similar condition exists as to labor. The prevailing stitch rate per 1,000 stitches made on the hand machine averages about 80 centimes, or about 16 cents. We must pay for similar work 30 cents. Their cost of finishing, stitching, and boxing is also below our rates, and this puts us at a great disadvantage in trying to successfully compete with their products. The Treasury Department issues weekly a schedule of landing cost for Swiss-made goods and for that reason we are not bothering you with as many details, as we are sure your experts are thoroughly in touch with this situation.

In 1913 when the revision of our tariff was downward, the question of embroidered handkerchiefs was thoroughly and most diligently examined and the conclusion was definitely arrived at that the then existing rate of 60 per cent should be retained. We felt at that time that the rate should be 75 per cent and we again respectfully petition that the rate be affixed at 75 per cent on the foreign valuation or 42½ per cent American valuation, in order that this industry be given a fair chance to compete with the Swiss manufacturers. Moreover embroidered handkerchiefs are a luxury and we are firmly of the opinion that any article of luxury should be sufficiently taxed to make it a revenue producer.

Under the heading of "Linen handkerchiefs" we would respectfully call your attention to the fact that linen cloth out of which handkerchiefs are made is not made in this country. We buy this cloth in Ireland, ship it in the bleached state to the United States, where we cut it up, hemstitch or otherwise treat it to make it into handkerchiefs, and box it. We ask you to give due consideration to the duty on handkerchief cloth of linen. The rates in the tariff acts of 1909 and 1913 are nearly identical, and we ask you to continue same, as it will enable us to produce linen handkerchiefs in this country and give the consumer the best possible value at reasonable prices, but, this can only be done if we receive the proper protection on the finished linen handkerchiefs.

(Submitted by: Herrman, Aukam & Co., Joseph W. Stein, vice president; the Acheson Harden Co., James Harden, president; Alexander & Stein (Inc.), Charles E. Stein, president; I. C. Herman & Co., Long Handkerchief Co. (Inc.), Bernhard Long, president; H. Rosenthal & Co. (Inc.); Newark Embroidery Works, H. Borneman, vice president; Phillips, Weil & Norton, A. M. Phillips; Schmidt Fitz-Gibbon Co., J. Schmidt; E. Heller & Bros. (Inc.), Maurice Sagui, president; The International Handkerchief Manufacturing Co., Charles Tyroler, treasurer; Duke, Macmahon & Co., Passaic, N. J.; Joseph W. Stein, chairman tariff committee, New York, N. Y.)

Comparative costs of manufacture of cotton and linen handkerchiefs.

	Paid to American operators.	American manufacturer's overhead.	American material, excluding cloth.	Per cent of American cost over Belfast cost.
10 dozen ladies' longfold, 14 stitches:	*Cents.*	*Cents.*	*Cents.*	
Hemstitch operator	0.0690	0.0690	.....	
Finishing operator	.0130	.0130	.....	
Thread	.....	.....	0.0090	
Common ribbon	.....	.....	.0006	
No. 15 box	.....	.....	.0060	
Total	.0820	.0820	.0156	
			.0820	
			.0820	
Total American operating cost	.....	.....	.1796	

Comparative costs of manufacture of cotton and linen handkerchiefs—Continued.

	Paid to American operators.	American manufacturer's overhead.	American material, excluding cloth.	Per cent of American cost over Belfast cost.
	Cents.	*Cents.*	*Cents.*	
Belfast, £5 3s. 8d., at $4 per pound sterling			0.0896	100
Belfast, £5 3s. 8d., at $4.8665 per pound sterling			.1090	73
5 dozen ladies' 8 by 8, 14 stitches:				
Hemstitch operator	0.0690	0.0690		
Finishing operator	.0261	.0261		
Thread			.0090	
Silk ribbon			.0097	
No. 15 box			.0107	
Total	.0951	.0951	.0294	
			.0951	
			.0951	
Total American operating cost			.2196	
Belfast, 7½d., at $4 per pound sterling			.1209	81.6
Belfast, 7½d., at $4.8665 per pound sterling			.1470	49.4
5 dozen ladies' cords, 8 by 8, 16 stitches:				
Hemstitch operator	.0748	.0748		
Finishing operator	.0269	.0269		
Thread			.0090	
Silk ribbon			.0097	
No. 15 box			.0107	
Total	.1017	.1017	.0294	
			.1017	
			.1017	
Total American operating cost			.2328	
Belfast, 8½d., at $4 per pound sterling			.1375	69.3
Belfast, 8½d., at $4.8665 per pound sterling			.1673	39.2
10 dozen men's longfold, 14 stitches:				
Hemstitch operator	.1093	.1093		
Finishing operator	.0150	.0150		
Thread			.0140	
Common ribbon			.0008	
No. 15 box			.0094	
Total	.1243	.1243	.0242	
			.1243	
			.1243	
Total American operating cost			.2728	
Belfast, £7 5s. 8d., at $4 per pound sterling			.1271	114.7
Belfast, £7 5s. 8d., at $4.8665 per pound sterling			.1546	76.5
5 dozen men's 10 by 10, 14 stitches:				
Hemstitch operator	.1093	.1093		
Finishing operator	.0289	.0289		
Thread			.0140	
Tinsel			.0041	
No. 15 box			.0125	
Total	.1382	.1382	.0306	
			.1382	
			.1382	
Total American operating cost			.3070	
Belfast, £8 1s. 2d, at $4 per pound sterling			.1417	116.6
Belfast, £8 1s. 2d, at $4.8665 per pound sterling			.1724	78.1
5 dozen men's cords, 10 by 10, 16 stitches:				
Hemstitch operator	.1093	.1093		
Finishing operator	.0292	.0292		
Thread			.0140	
Ribbon			.0109	
No. 15 box			.0125	
Total	.1385	.1385	.0374	
			.1385	
			.1385	
Total American operating cost			.3144	
Belfast, £10 7s. 8d., at $4 per pound sterling			.1813	73.4
Belfast, £10 7s. 8d., at $4.8665 per pound sterling			.2205	42.6

Selling cost of colored cords, Dec. 5, 1921.

Items.	Cost.	Department.	Piece price.	Factory overhead, X per cent.	Cost.
30+1½:					
Cloth	$1.0055	Cutting	$0.0075	200	$0.015
Thread	.0120	Hemstitching, $0.095+15 per cent.	.1093	200	.2186
Ribbon and tickets	.0025				
Box, 6 by 11 (1)	.0217	Dampening	.0005		
Box tops	.0165	Machine ironing	.0103		
Case	.008	Folding	.0109		
Labor cost	.4242	Pressing	.0027		
		Ribboning	.0054		
	1.4904	Boxing	.0049		
2 per cent Sec	.0289				
			.0347	200	.0694
	1.5193				
					.3030
		Selling overhead		140	.4242
32 gray:					
Cloth	.4652	Cutting	.005	200	.01
Thread	.008	Hemstitching, $0.065+15 per cent.	.0748	200	.1496
Ribbon and tickets	.0073				
Box (5)	.0081	Dampening	.0004		
Case	.008	Machine ironing	.0087		
Labor cost	.3002	Folding	.0076		
		Pressing	.0038		
	.7968	Ribboning	.0036		
2 per cent Sec	.016	Boxing	.0033		
	.8128		.0274	200	.0548
					.2144
		Selling overhead		140	.3002

COLLARS AND CUFFS.

[Paragraph 918.]

STATEMENT OF HON. JAMES S. PARKER, REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK.

Mr. PARKER. I appear here in the interest of the collar manufacturers of the city of Troy, which is in my congressional district.

As far as the Fordney bill is concerned, the interests which I represent will accept without protest the rates on shirts, linen collars, and silk collars, but they do believe that the rate that is carried on cotton collars is not sufficient to enable the industry to exist.

As you know, their business is largely a matter of cotton collars. The labor represents probably 60 per cent of the cost of the collars. They do not believe, with the 25 per cent specific duty and a 12.5 per cent ad valorem duty, they can meet foreign competition.

In their original request made to the committee they asked for 45 cents and 15 per cent—45 cents per dozen as the specific duty and 15 per cent ad valorem duty. After a conference with the subcommittee of the House, they agreed to 35 cents specific duty and 15 per cent ad valorem. Now, the House bill, when it was reported, much to their surprise, carried 25 cents and 12.5 per cent. They now request that the agreement be carried out which they tentatively had with the House subcommittee.

I would like permission to file a brief which I will submit.

Senator McCUMBER. That will be printed in the record.

BRIEF OF COMMITTEE REPRESENTING THE ASSOCIATION OF COLLAR MANUFACTURERS.

In re paragraph 918 of the Fordney tariff bill, the collar manufacturers of Troy, N. Y., wish to call your attention to the rates of duty prescribed in the tariff bill (H. R. 7456) introduced in the House of Representatives on June 29, to point out certain inconsistencies therein, and to urge the rectification of the rate of duty relating to cotton collars and cuffs (par. 918).

In our brief filed before the Committee on Ways and Means, copy of which we also file with you, we asked for a return to the rates of duty named in the tariff acts of 1897 and 1909. Subsequently, at a conference with the subcommittee delegated to write the cotton schedule, we were requested to modify these recommendations. This was urged on the ground that it was the sentiment of the Republican membership of the Ways and Means Committee that rates should not be as those carried in the Dingley and Payne laws, but should be fixed at the minimum figures which would afford American industry the protection which economic conditions warranted, giving due consideration to the American valuation idea as the basis of assessment.

To meet what we understood was the wish of the committee, and contrary to our own judgment, we revised our original recommendations and submitted these figures to the subcommittee, with the understanding that such modified recommendations were acceptable and would form the basis of their work.

However, upon making an examination of the completed bill as introduced in the House of Representatives, we are greatly disturbed to find these modified rates have been still further reduced, and, in fact, the rate for cotton collars and cuffs as carried by this bill is practically equal to the rate of duty now carried by the Underwood law. A comparison of our original recommendations, our modified recommendations, the rates in this bill, and the Underwood law are set forth below:

Cotton collars: Our original recommendations, 45 cents per dozen and 15 per cent ad valorem; our modified recommendations, 35 cents per dozen and 15 per cent ad valorem; rates carried in this bill, 25 cents per dozen and 12½ per cent ad valorem; Underwood law, 30 per cent ad valorem.

Linen collars: Our original recommendations, 40 cents per dozen and 20 per cent ad valorem; our modified recommendations, 30 cents per dozen and 20 per cent ad valorem; rates carried in this bill, 28 cents per dozen and 17 per cent ad valorem; Underwood law, 30 per cent ad valorem.

This situation is a most unusual one in a bill which is frankly designed to furnish protection to American industries and, to quote the words of the majority report, "to cure the industrial depression which is the inevitable result of offering of foreign goods upon the American market at less than the American cost of production," and is one which we must believe arose through a misconception of the actual result of this provision or through a palpable mistake. After reading the statement of Chairman Fordney that this bill is to be "the Magna Charta for the perpetuation of American standards of living," we are unable to reconcile this action of the committee in lowering the rate of duty upon our product to a rate practically equivalent to that carried in a Democratic tariff law, which rate would have proven to be absolutely ruinous had not the European war shut off imports.

It is therefore earnestly and respectfully urged that your committee amend the bill through the insertion of the following clauses: In lieu of lines 7, 8, and 9 on page 122 insert "Shirt collars and cuffs of cotton, 35 cents per dozen pieces and 15 per cent ad valorem."

THE COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.:

The undersigned committee, representing the collar and cuff manufacturers of Troy, N. Y., and vicinity, respectfully present this brief in support of their request that the rates of duty on the above-mentioned articles be fixed substantially at the rates prevailing for 16 years under the tariff acts of 1879 and 1909, which were as follows:

Shirt collars and cuffs of cotton, 45 cents per dozen specific duty and 15 per cent ad valorem.

1. The present duty is an ad valorem tariff of 30 per cent for cotton collars and cuffs. The imposition of a flat ad valorem duty by the Underwood tariff law was a change in form and a radical reduction of approximately 53 per cent below the preexisting rate on the cotton collars. The rates of duty under the various tariff laws during the last 30 years have been as follows:

Cotton collars: McKinley tariff, 1890, 15 cents per dozen and 35 per cent; Wilson tariff, 1894, 40 per cent; Dingley tariff, 1897, and Payne tariff, 1909, 45 cents per dozen and 15 per cent; Underwood tariff, 1913, 30 per cent.

When the Underwood bill was on hearing we protested against the imposition of a low rate of duty, for the reason that our investigations had disclosed a much lower cost of manufacturing these articles in several foreign competing countries than was possible in the United States.

The outbreak of the World War, following closely upon the enactment of the tariff law, so seriously disturbed economic conditions in foreign countries that it prevented disastrous foreign competition in our industry and thus afforded an inadvertent but effectual protection. This condition is rapidly disappearing. We fully expect that under a continuance of the present low rate of purely ad valorem duty large importations of cheaply made European and Asiatic collars will result.

2. Wages in all competing foreign countries, despite the advances caused by war conditions, are still much lower than wages for similar work in the United States.

3. The rates of duty prevailing under the McKinley, Dingley, and Payne tariff laws did not prohibit importations into the United States, but did serve to keep foreign competition from being disastrous to the home industry. The same necessity exists now to prevent radical reduction in wages. unemployment, and distress among the thousands of persons who have spent years in the industry and are dependent upon its prosperity and growth for a livelihood.

4. In spite of the fact that wages, and consequently manufacturing costs in this industry, have been greatly in excess of those prevailing in the principal competing countries, the domestic retail price of collars has been and is now as low as in foreign countries where similar articles are worn.

5. The lack of an active domestic market in many foreign countries caused by the lessened buying power of the people will exert an extraordinary stimulus to the effort of the foreign manufacturer to seek an export outlet for his products. This applies particularly to articles of daily use and universal demand which are greatly enhanced in value by the expenditure of labor. The United States, by reason of its sound financial condition, is the most desirable market in the world.

6. Maintenance of industry, protection of the domestic market, and the safeguarding and increase of the national income are measures of vital importance in forming the basis of a sound fiscal policy, which will enable the Government to discharge its heavy financial burdens.

7. The tariff rates suggested are not excessive nor out of proportion to the tariffs now imposed by the several foreign countries against the importations of collars, as disclosed by the following table of rates: Australia, 55 per cent; Brazil, 1.36 per dozen; Czechoslovakia, duty on component material plus 40 per cent; France, duty on component material plus 40 per cent; Germany, 40 cents per pound; Italy, double duty on fabric plus 50 per cent; Japan, 50 cents per pound.

8. Furthermore, it would be to the advantage of American capital, unless an adequate rate of duty prevented, to finance the purchase of machinery, the exportation of cotton, the manufacture of textiles, and the cutting up the manufacture of garments, including collars, in foreign countries, taking advantage not only of the low rates of wages there prevailing, but also of the depreciated exchange. The products thus manufactured could very profitably be reexported to the United States in competition with products of domestic industry.

THE IMPORTANCE OF THE INDUSTRY.

Collar and cuff making is a highly specialized industry and since its inception has been located in and centralized at Troy, N. Y.

The success of this industry and the material welfare and growth of Troy are inseparably bound together. According to the figures of the current census, Troy and adjacent territory comprising the collar manufacturing community have a population of about 115,000 people, more than half of whom are directly or indirectly supported by the pay rolls of the collar and shirt factories.

By reason of the centralization of this industry and the fact that such a large proportion of our people is connected with it, the community is peculiarly dependent upon the maintenance and growth of the collar and shirt manufacturing enterprise. It produces more than 90 per cent of the total output of the

collars and cuffs of the United States, valued in 1920 at $36,000,000. Ninety-nine per cent of the cotton cloth used is made in the United States.

In addition there are other enterprises, such as printing, lithographing, paper-box making, and laundries, employing many additional hundreds of people, which are entirely dependent upon the operation of the collar and shirt factories. The following table gives a concise idea of the importance of the industry and its peculiar value to Troy:

1. Capital invested, $39,000,000.
2. Total pay rolls, $16,500,000 yearly.
3. Average wages per week, all workers, $21.72.
4. Population affected, about 115,000.

THE DEVELOPMENT OF THE INDUSTRY.

The collar and shirt manufacturing industry in Troy has grown from a very humble beginning, before the time of the invention of the sewing machine, to an industry of great importance.

In many families of our community three generations have been successively employed in the same manufacturing establishment. Practically all of the employees are American citizens and over 85 per cent of them are women. Industrial conditions in Troy factories are equal to the best prevailing in any section of the country.

The industry is capable of supplying the entire needs of the United States, and possibly more. Its history is one of steady achievement in the improvement of design and method, securing better workmanship, the use of finer materials, evolving and building of specially adapted machinery, the care, safeguarding, and advancement of its employees, and the continuance and consistent increase of compensation of workers.

THE DEVELOPMENT OF THE INDUSTRY ABROAD.

As an indication of the activity of the foreign manufacturer of collars and cuffs to modernize his factory equipment by the installation of up-to-date machinery, we have learned from American manufacturers of "collar-turning machines" (these machines are among the most important used in collar factories and are not adapted for other purposes); that recently they have exported to Canada, France, England, Switzerland, Japan, and other countries turning machines of capacity sufficient to manufacture not less than 3,000,000 dozen collars per year.

In addition to the above there have been large exportations of American buttonhole-making machines and button-sewing machines, and in 1918 there were exported $8,138,596 worth of sewing machines, which increased in 1919 to $12,774,124. In 1918 there were exported $7,296,607 worth of other textile machines, which increased in 1919 to $14,986,369.

These figures are extremely significant when it is considered that they place the foreign manufacturer upon the same basis as the American manufacturer in so far as factory equipment is concerned.

The foreigner will be able to easily train his cheaper labor to operate these machines and thus produce standardized articles upon a quantity basis, with a labor cost the American manufacturer can not meet.

THE VOLUME AND PRICES AT WHICH IMPORTS ARE OFFERED.

The bare quotation of statistics is often misleading and does not disclose the status of production in a foreign country, nor does it indicate latent possibilities for competition. Consideration must be given to the fact that the European war fixed the volume of these imports since 1914. Importations since that date have had no relation to tariff duties.

The collars now being imported into this country are not the collars which are expected to be imported under a continuance of a low rate of duty. The collars being imported at this time, both cotton and linen, are very largely high-priced collars designed for sale in exclusive men's furnishing goods stores and to the class of trade who pay a high retail price for an imported article. The imports to be expected, provided there were a continuance of the present rate of duty, would doubtless be at a much lower value and of inferior quality.

We recommend that the tariff law now being framed include an effective anti-dumping clause.

Imports of cotton collars and cuffs, 1908 to 1920.

	Dozen.	Value.	Duty.	Percentage of duty.	Value per dozen.
1908, 45 cents and 15 per cent ad valorem	1,420	$1,365	$843	61.81	$0.961
1909, 45 cents	6,136	5,404	3,552	66.09	.881
1910, 45 cents	2,508	2,430	1,493	61.44	.969
1911, 45 cents	7,014	6,454	4,124	63.90	.920
1912, 45 cents	7,564	6,943	4,445	64.03	.918
1913, 45 cents	7,726	7,798	4,646	59.59	1.01
1914, 45 cents	1,245	1,338	761	56.87	1.07
1914, 30 per cent ad valorem	4,123	4,281	1,284	30.00	1.04
1915, 30 per cent ad valorem	2,508	2,814	844	30.00	1.12
1916, 30 per cent ad valorem	6,558	7,276	2,182	30.00	1.11
1917, 30 per cent ad valorem	23,857	30,576	9,172	30.00	1.28
1918, 30 per cent ad valorem	23,808	36,252	10,875	30.00	1.52
1919, 30 per cent ad valorem	8,718	16,523	4,957	30.00	1.90
1920, 30 per cent ad valorem	22,667	42,537	12,761	30.00	1.88

NOTTINGHAM LACE CURTAINS.

[Paragraph 919.]

BRIEF OF GEORGE E. LACKEY, NEW YORK, N. Y., REPRESENTING LACE CURTAIN MANUFACTURERS' ASSOCIATION OF AMERICA.

The undersigned, members of the tariff committee, representing the Lace Curtain Manufacturers' Association of the United States, respectfully call the attention of the Committee on Finance to the tariff provision contained in paragraph 919, H. R. 7456, which is as follows:

"PAR. 919. Lace window curtains, nets, nettings, pillow shams, and bed sets, finished or unfinished, made on the Nottingham lace curtain machine, and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, 1½ cents per square yard; when counting more than five such points or spaces to the inch, three-fourths of 1 cent per square yard in addition for each point in excess of five; and in addition thereto, on all the foregoing articles in this paragraph, 17 per centum ad valorem: *Provided*, That none of the foregoing shall pay a less rate of duty than 40 per centum ad valorem."

The lace curtain manufacturers request that this paragraph be amended to read as follows:

"Lace window curtains, nets, nettings, pillow shams, bed sets, *and all other articles and fabrics, by whatever name known, plain or Jacquard figured*, finished or unfinished, *wholly or partly manufactured, for every use whatsoever*, made on the Nottingham lace curtain machine and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, *2 cents* per square yard; when counting more than five points or spaces to the inch, *1 cent* per square yard in addition for each point in excess of five; and in addition thereto, on all the foregoing articles in this paragraph, *20* per centum ad valorem: *Provided*, That none of the foregoing shall pay a less rate of duty than 40 per centum ad valorem, *nor a greater rate of duty than 45 per centum ad valorem.*"

NOTE.—Italicized words indicate language amending House bill. Ad valorem rates in the above proposed paragraph are American valuation.

I. CHANGE IN PHRASEOLOGY.

It will be noted that the above proposed paragraph amends the paragraph appearing in the House bill by changing the phrases which describe the merchandise and by increasing the rates. The proposed addition of the words "and all other articles and fabrics by whatever name known, plain or Jacquard figured" is necessary in our opinion in order that all articles and fabrics made wholly on the Nottingham lace curtain machine may be brought into this paragraph, even though they do not fall within the designation of "nets, nettings, pillow shams, and bed sets," as set forth in the House bill. It is also desirable that both plain and jacquard figured articles made on the Nottingham lace curtain machine should be covered by this provision. Following the words finished or unfinished in the House bill, we have suggested the addition of the words "wholly or partly manufactured." In the lace trade a finished article is one which has been bleached, starched, sized or stretched, while an unfinished

article is one which has not been bleached, starched, sized or stretched. It has seemed necessary, therefore, to add the words "wholly or partly manufactured" in order that partly made up articles may be included within the tariff provision without reference to whether the material they are made of be finished or unfinished material in the sense in which these words are used in the lace trade. We also request that the words "for every use whatsoever" be incorporated in this paragraph.

We consider this proposed amendment to be of the utmost importance in order that it may prevent articles made on the Nottingham lace machines from being assessed under other provisions of the tariff where articles made on the Nottingham lace curtain machine may be referred to by a description of their use. The United States Supreme Court has held that a tariff provision which describes an article by reference to its use prevails over every other description of the article in the tariff act, and this principle of statutory construction was applied to the provision for nets and nettings in the act of 1913 with the result that the court decision removed from the eo nomine provision for nets and nettings in paragraph 358, all Jacquard figured nets and nettings and laces used for hangings, curtains, etc., in the interior decoration of a room and classified such nets, nettings, and laces under paragraph 258 of the act of 1913, which provided for "Jacquard figured upholstery goods." The term "upholstery goods" is descriptive of use and therefore paragraph 258 was held to be more specific than paragraph 358 and all Jacquard nets and nettings provided for by name in paragraph 358 were removed from that paragraph under which they were dutiable at 60 per cent, and placed under paragraph 358 where they were dutiable at 35 per cent, with great loss to the revenue, and to the great damage of the American lace industry. To avoid having any article made on the Nottingham lace curtain machine so removed from paragraph 919 of the new law, we respectfully urge that this provision "for every use whatsoever" be incorporated in the new act, and this request is supported by the recommendation of the Government experts contained in the "Summary of Tariff Information" (green volume, pp. 411 and 412, second column, under the heading "Interpretation and comments"). The recommendations of the experts are set forth in Appendix I.

The Secretary of the Treasury in a letter addressed to the Ways and Means Committee has also recommended the adoption of language such as we have incorporated in our proposed paragraph (letter of the Secretary of the Treasury of Aug. 6, 1921, Appendix II).

It will be noted that in drafting paragraph 1430, page 162, lines 23 and 23 of the House bill, the House made provision for the lace articles named in that paragraph by adding the words "to whatever use applied." The same provision should appear in paragraph 919, and we are informed that paragraph 919 would have been so amended by the Ways and Means Committee had the omission been discovered in time to permit of an amendment. We are also informed that the Committee on Ways and Means will recommend to the Committee on Finance that an amendment referring to the use of the articles enumerated in paragraph 919 be adopted by the Senate.

II. PROPOSED AMENDMENT AS TO RATES.

Paragraph 919 of the House bill increases the specific rates of the compound duty provision of the Payne-Aldrich Act. After the Payne-Aldrich Act had been enacted a new Nottingham lace curtain machine fabric, known as "filet net" supplanted the classes of goods previously manufactured on both foreign and domestic machines. The filet net is much more valuable than the ordinary Nottingham net to which the Payne-Aldrich bill had application at the time of its enactment. The specific duty rates which we propose for the present product of the Nottingham lace curtain machine, are the equivalent of the specific duty rates provided for in the Payne-Aldrich Act for the kinds of laces and nets made on the Nottingham lace curtain machine prior to 1913.

The rate of 17 per cent ad valorem in that compound duty provision of the House bill should be increased to 20 per cent ad valorem. If the compound duties are increased as we propose, they will be in accord with the 40 per cent ad valorem minimum rate provided in paragraph 919 of the House bill. The compound duties which we propose will not result in the collection of duties in excess of the minimum of 40 per cent ad valorem. Moreover, it will be noted that our proposed paragraph carries a maximum ad valorem duty provision under which duties can not, under any circumstances, exceed 45 per cent ad valorem. This maximum duty provision is a guaranty against the collection of unreasonable amounts of duty under the compound duty provisions.

At the present time a large portion of the product of the Nottingham lace-curtain machine consists of lace as fine in quality as that made on the lever or go-through machine, and no distinction in the matter of duty should be made between Nottingham laces, nets, and nettings and other articles and laces produced on other lace machines and provided for in paragraph 1430.

The Government experts who prepared the Summary of Tariff Information made a suggestion based on facts well known to them and to the lace trade. Speaking of Nottingham nets and laces, they said:

"These articles might be classified like other lace articles (par. 358) with which they are comparable in material, construction, and value." (Summary Tariff Information, p. 301, col. 2.)

Paragraph 1430, which covers laces and nets not made on the Nottingham lace-curtain machine, provides a rate of 45 per cent ad valorem for the "other lace articles" mentioned in the above-quoted statement. Our proposed compound duty rates which must be not less than 40 per cent ad valorem and can not exceed 45 per cent ad valorem, are not only reasonable but in line with the recommendation of the administrative officers who have a broad knowledge of these articles, both imported and domestic.

III. DOMESTIC PLANTS, INVESTMENT, AND EMPLOYEES.

The invested capital in American plants is approximately $17,000,000. In 1912 the value of the domestic production was about $15,128,000. The exports are less than one-half of 1 per cent of the production. Exports are principally to Canada. In 1919 the machines were 65 per cent employed. The following is a list of the cities where plants are located, with the number of machines in each city:

	Machines.		Machines.
Philadelphia, Pa	220	Patchogue, N. Y	45
Wilkes-Barre, Pa	92	Kingston, N. Y	11
Scranton, Pa	30	Zion City, Ill	22
Chester, Pa	17		
Columbia, Pa	15	Total	470
Gouverneur, N. Y	18		

IV. FOREIGN CENTERS OF MANUFACTURE AND NUMBER OF FOREIGN MACHINES.

There are 110 plants abroad with a total of 1,711 machines as against 470 in the United States. England has 36 per cent of all machinery; Central Powers, 24 per cent; and the United States, 21 per cent.

V. THE MEANING OF THE TERM "POINT."

"Point" is the trade term for the number of warp threads to the inch. These threads are mechanically provided for. Machines of a point that are idle can not therefore help out machines of another point that are oversold. Within every plant, therefore, there are as many plants as there are points of machine. Each point must be separately provided for in pattern, yarns, labor, and sales. Domestic machines classify as follows:

5 and 6 point, 101 machines	per cent	21.49	
7 and 8 point, 153 machines	do	32.55	
			54.04
9 and 10 point, 115 machines	do	24.47	
11 and 12 point, 61 machines	do	12.98	
13 and 14 point, 29 machines	do	6.17	
15 and 16 point, 11 machines	do	2.34	
			45.96
			100.00

(Submitted by: John E. Bromley, Bromley Manufacturing Co. Philadelphia, Pa.; Charles A. Turner, Chester Lace Mills, Chester, Pa.; George E. Lackey, International Lace Co., Gouverneur, N. Y.; Henry S. Bromley, North American Lace Co., Philadelphia, Pa.; I. Soloman, Patchogue-Plymouth Mills, Patchogue, N. Y.; Joseph H. Bromley, Quaker Lace Co., Philadelphia, Pa.; Paul B. Belin, Scranton Lace Co., Scranton, Pa.; E. F. Stiner, United States Lace Curtain Mills, Kingston, N. Y.; F. Gilbert Hinsdale, Wilkes-Barre Lace Manufacturing Co., Wilkes-Barre, Pa.; A. A. Stocks, Wyoming Valley Lace Mills, Wilkes-Barre, Pa., tariff committee.)

APPENDIX I.

Jacquard figured upholstery goods: Paragraph 258 has been construed to include all the interior textile decorations and fittings of apartments (3 Ct. Cust. Appls., 115, of 1912; 6 Ct. Cust. Appls., 477, of 1916; 8 Ct. Cust. Appls. 422, of 1918). The rule of chief use has been given precedence of eo nomine designation, and nettings and laces

used in the manufacture of curtains have been classified as Jacquard figured upholstery goods, although provided for by name in paragraph 358 (6 Ct. Cust. Appls., 253, of 1915; 7 Ct. Cust. Appls., 312, of 1916, 388, of 1917; 8 Ct. Cust. Appls., 422, of 1918). So also have scalloped madras muslin curtains in the piece and otherwise and materials therefor (8 Ct. Cust. Appls., 351, of 1918). As a result a much lower rate of duty (35 per cent) is assessed on figured goods than on plain goods (60 per cent).

The words "by whatever name known," in the third clause of this paragraph, do not modify the word "laces" in the first (7 Ct. Cust. Appls., 312, of 1916). * * *

This paragraph might be changed to read: Laces, lace articles and all articles or fabrics made wholly or in part of lace or of imitation lace of any kind; embroideries, and all articles or fabrics embroidered, tamboured, appliquéd, or scalloped, in any part however small; articles or fabrics from which threads have been omitted, drawn, punched or cut, and with threads introduced after weaving to finish or ornament the openwork, not including straight hemstitching; edgings, insertings, galloons, nets, nettings, veils, veilings, neck rufflings, ruchings, tuckings, flouncings, flutings, quillings, ornaments, trimmings; coach, carriage, and automobile laces; braids loom woven and ornamented in the process of weaving, or made by hand, or on any braid machine, knitting machine, or lace machine, except braids enumerated in paragraph (335) of this act; all the foregoing by whatever name known and to whatever use applied, and whether or not named or described elsewhere in this section, when composed wholly or in chief value of yarns, threads, or filaments, or of tinsel wire, lame, lahn, bullions, metal thread, spangles or beads; and articles made in whole or in part of any of the foregoing fabrics or articles.

APPENDIX II.

TREASURY DEPARTMENT,
Washington, August 6, 1920.

CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS,
House of Representatives,

SIR: The department refers to your letters of May 3 and 6, 1920, requesting suggestions and recommendations relative to H. R. 13294, a bill proposing to amend paragraph 358 of the tariff act of 1913, so as to include therein nets and nettings by whatever name known and for every use whatsoever. You also request information relative to the amount of refunds made under certain court decisions on nets and nettings involving the question of Jacquard figured upholstery goods.

The bill in question is doubtless occasioned by decisions of the United States Court of Customs Appeals, T. D. 35475 and 37667, holding that Jacquard figured nets and nettings for curtains and other upholstery purposes are dutiable at 35 per cent ad valorem as "Jacquard figured upholstery goods" under paragraph 258 rather than at 60 per cent as nets and nettings, under paragrpah 358. The term "upholstery goods" was held in the last-mentioned decision to include all the interior textile decorations and fittings of apartments.

The amendment consists in omitting from the body of the paragraph the words "nets and nettings" and adding the last sentence as follows: "Nets and nettings in the piece or otherwise wholly or partly manufactured and of whatever materials composed, and whether plain or figured in any manner, and by whatever name known and for every use whatsoever, all of the foregoing, 60 per cent ad valorem." It is apparently intended to cover nets and nettings of the character above mentioned.

No reason is seen for assessing this class of goods with duty at only 35 per cent ad valorem, while other nets and nettings not Jacquard figured or not suitable for use for decorations or fittings of apartments are provided for at 60 per cent under paragraph 358. It is therefore recommended that the bill be enacted into law.

Your attention is, however, called to the fact that the language of the bill is so broad that, unless specific exception is made, it would probably include nets and nettings of human hair (par. 351) and leno woven cotton nets and nettings (par. 252).

With respect to the refunds made by reason of the decisions cited in your letter, you are advised that refunds to the amount of about $100 were made under 6 Ct. Cust. Appls., 253, T. D. 35475, and 8 Ct. Cus. Appls., 432, T. D. 37667, the two cases among those mentioned by you which involved refunds. Following the ruling cited, however, there were cases of sustained protests on upholstery goods covering approximately 1,880 entries, on which the refunds amount to $150,000. This amount, however, includes laces as well as nets and nettings, it being found impracticable to separate them.

Respectfully,

B. F. HOUSTON, *Secretary.*

SCHEDULE 10.

FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

FLAX FIBER.

[Paragraph 1001.]

STATEMENT OF HON. EDWIN F. LADD, UNITED STATES SENATOR FROM NORTH DAKOTA.

Senator McCUMBER. Before you proceed, for the purpose of the record, I want to ask you how many years you were connected with the North Dakota Agricultural College?

Senator LADD. For nearly 32 years.

Senator McCUMBER. And prior to your coming to the Senate you were for some years president of that college?

Senator LADD. For five years I was president of that college.

Senator McCUMBER. And you have made a considerable investigation, as a member of the college, of the flax subject, and fiber and flaxseed, etc.?

Senator LADD. Yes, sir. There was a statement I heard this morning by a gentleman whose name I do not now recall with regard to the failure of the flax-fiber industry in this country, and I just want to touch on that for a moment. I think the real reason for the failure of the flax-fiber industry in this country is because it has never had any real protection, or any very great encouragement in the region where flax is grown.

In the Eastern States, where flax has been grown in times past, the flax wilt largely destroyed the growth; but in the West they have now developed a wilt-resistant flax that can be grown on land that had previously been grown in flax.

Flax grown for fiber is not the same as flax grown for seed. When it is grown for fiber they try to grow it with a long stock with a few seed at the top, while the seed flax is grown with short fiber, short stock, with as many branches and bolls as possible, in order to get the seed. And when the farmers receive not enough in price for their flax fiber there is no desire to cultivate a crop of flax, and it has not been raised in the West to any great extent. The fiber that has been raised in the West has been used for other purposes—for packing and furniture and upholstery and in rug making. They have used some for weaving.

I simply wanted to say that, in my judgment, if we want to encourage the flax industry in this country we can do so by putting on a reasonable protection, and thus encouraged the farmer will grow it; otherwise he will not. If we continue the policy that has been continued since 1912 there will be no flax industry in this country

in five years more. In 1912 we were growing very much more flax than we are growing to-day, and the emergency tariff unfortunately worked disastrously so far as the flax industry was concerned, and there has been no protection, no real protection, for the fiber industry, and no encouragement for it in the West.

Senator DILLINGHAM. To what extent have you grown seed flax?

Senator LADD. Seventy-five per cent is grown in the Northwestern States; 50 per cent of this is grown in North Dakota. I can give you that more in detail later.

Senator McCUMBER. I would like to ask you a question, Senator: Is there any handicap in the raising of flax fiber in the Northwest, due to the drier seasons, and possibly less dew for maturing it and eliminating the fiber?

Senator LADD. I am not aware that there is any in North Dakota. If the flax was to be grown for fiber it would be sown earlier in the season than flax for seed, so as to get a longer growth. The great difficulty is that there has been no encouragement for developing the flax industry.

Senator McCUMBER. Has there been any substitute for hand retting by means of machines that will do the work that is done in other countries by hand?

Senator LADD. There has been work carried along those lines, but how successful it has been I could not say.

Senator McCUMBER. One of the witnesses who appeared before us this morning stated that they had failed in the matter of securing a machine that would do that properly.

Senator LADD. I think it is not impossible to secure a machine that will do the pulling of flax, and do it in a satisfactory manner; nor is it impossible to develop a process of retting, the same as they are retting other fibers in North Dakota at the present time. If there is any encouragement to the industry, it would be developed in this country.

Senator McCUMBER. Thank you.

JUTE YARN AND TWINE.

[Paragraph 1003.]

STATEMENT OF J. E. BARBOUR, REPRESENTING THE ALLENTOWN SPINNING CO. AND JUTE MANUFACTURERS' ASSOCIATION.

The CHAIRMAN. Mr. Barbour, are you an official of the Allentown Spinning Co?

Mr. BARBOUR. I am president.

The CHAIRMAN. And are you an official of the Jute Manufacturers' Association?

Mr. BARBOUR. Yes.

The CHAIRMAN. How many members are there of that association?

Mr. BARBOUR. I am representing 11 manufacturers of jute yarn and twine—practically all in this country.

The CHAIRMAN. If you have a printed statement, it would be well for you to leave that with the committee so that it may be printed, and simply call attention to the high points that you wish to bring out. That will save our time.

Mr. BARBOUR. Very well.

Last January the 11 manufacturers concerned met and presented a brief to the Ways and Means Committee. All that was stated in

the brief at that time the conditions of to-day do not alter. They adopted in the House bill practically a great many of these suggestions. However, they altered the grouping there. By the "grouping" I mean they classified a certain number of yarns together. Our manufacturing committee had five of these groups, which was the minimum that they could get along with. The House bill brings in four, and that upsets the whole scheme. They have also reduced the individual rates.

Senator WATSON. Tell us about your difficulties.

Mr. BARBOUR. It is all in the brief. All we ask for is what was the consensus of opinion of the manufacturers at that time.

Senator LA FOLLETTE. How many are there?

Mr. BARBOUR. Eleven.

Senator LA FOLLETTE. There are 11 jute manufacturers?

Mr. BARBOUR. Yes; there are really 12 or 13.

The CHAIRMAN. They are located where principally?

Mr. BARBOUR. The Allentown Spinning Co. is in Allentown, Pa.; there are two in Brooklyn, N. Y.; one in Auburn, N. Y.; two in Paterson, N. J.; one in Hanover, Pa.; one in Xenia, Ohio; one in Philadelphia, Pa.; and another in Wilmington, Del.

Senator SMOOT. What you want is an enlarged classification, and you want a change in the rates as covered by the brief?

Mr. BARBOUR. The brief covers that. We want what we asked for in the original brief before the Ways and Means Committee of the House.

Senator LA FOLLETTE. How does the rate that you asked before the Ways and Means Committee compare with the rate in the Payne-Aldrich bill? Do you know?

Mr. BARBOUR. I am sorry to have to admit that I can not answer that question. I am sorry, but I have not those figures before me.

Senator MCLEAN. How does the grouping compare with the groupings adopted by Congress heretofore?

Mr. BARBOUR. They were never in a group before. In that way the House bill has adopted our suggestion for grouping, but they have reduced the number to below the practical limit.

Senator MCLEAN. What reasons were assigned for this reduction?

Mr. BARBOUR. We have not the slightest idea why it should have been done.

Senator MCLEAN. There were no reasons presented to the committee in opposition to your position?

Mr. BARBOUR. None whatever. They have only done it in one case.

Senator LA FOLLETTE. What is the total value of jute manufactures?

Mr. BARBOUR. The total value of the product manufactured?

Senator LA FOLLETTE. Yes; in this country.

Mr. BARBOUR. I can give you the pounds. Normally there are about 220,000,000 pounds of raw jute produced in this country to be manufactured.

Senator LA FOLLETTE. Raw jute?

Mr. BARBOUR. Yes. Seventy million pounds go in for cotton bagging, which we do not cover. Some mills make some of it. The balance of 150,000,000 is used in thread, twine, and string and for the manufacture of carpets.

Senator LA FOLLETTE. Do these 11 plants you represent here who have agreed to the proposed schedule manufacture cotton bagging?

Mr. BARBOUR. There is one of them—the American Manufacturing Co., in Brooklyn, N. Y.

Senator LA FOLLETTE. What is the total amount of the importations of the manufactures of jute twine, yarn, and bagging?

Mr. BARBOUR. Well, the bagging I do not know about. I can not give you the figures on that other than I have stated. There is not so much bagging brought in here, except what comes from India. That has increased. I can not give you the figures. To-day there is over 50,000,000 pounds being used in this country instead of 150,000,000. The importations are at the rate of over 1,000,000 a month.

Senator LA FOLLETTE. Where do the yarns come from?

Mr. BARBOUR. From Calcutta, India, and Dundee, Scotland.

If business were normal there would be three or four times that amount coming into this country, but the carpet manufacturers to-day are afraid to go abroad and place big contracts.

Senator LA FOLLETTE. Is there any American capital invested in these foreign manufactures?

Mr. BARBOUR. There is in India. There is one that I am not representing that is putting up a large mill in India.

The CHAIRMAN. What is the name of that concern?

Mr. BARBOUR. The Ludlow Manufacturing Association.

The CHAIRMAN. Where are they located?

Mr. BARBOUR. Ludlow, Mass.

Senator LA FOLLETTE. Are they one of the 11 companies?

Mr. BARBOUR. No.

Senator LA FOLLETTE. Are they connected in any way? Are they among the stockholders or capitalists?

Mr. BARBOUR. That are putting up this outfit in India, you mean?

Senator LA FOLLETTE. Yes.

Mr. BARBOUR. I presume so. I have no means of knowing that, and I am not representing the Ludlow Manufacturing Association.

Senator LA FOLLETTE. How much labor do you employ in your establishment?

Mr. BARBOUR. Personally, I have between six and seven hundred hands. The total labor employed here in all these mills runs to about 10,000.

Senator LA FOLLETTE. Your labor is classified, I suppose?

Mr. BARBOUR. It is classified according to our industry.

Senator LA FOLLETTE. Yes; according to your industry. You pay certain wages to each class of employees?

Mr. BARBOUR. Yes.

Senator LA FOLLETTE. Will you file with the committee a statement of the wages that you pay to the various classes in your factory?

Mr. BARBOUR. I shall be very glad to do so.

Senator LA FOLLETTE. And the wages which you paid in 1913?

Mr. BARBOUR. Yes, sir.

Senator LA FOLLETTE. Taken from your books?

Mr. BARBOUR. Yes, sir.

Senator LA FOLLETTE. For each year from 1913 to the present year?

Mr. BARBOUR. I shall be glad to do so; yes, sir.

Senator LA FOLLETTE. And also include in that the salaries paid to the officials of your establishment?

Mr. BARBOUR. All right, sir. Of course, into that must be taken the working hours.

Senator LA FOLLETTE. Yes. Please state all that will be helpful to the committee.

Mr. BARBOUR. You want my individual concern only, or do you want the average of all concerns in this country?

Senator LA FOLLETTE. I would like the statement to represent the wages in each of these plants that you represent.

Mr. BARBOUR. In each of these plants that I represent?

Senator LA FOLLETTE. Yes; covering the period that I have mentioned.

Mr. BARBOUR. That is, from 1913 on?

Senator LA FOLLETTE. Yes.

Mr. BARBOUR. I shall be very glad to furnish that information.

Senator LA FOLLETTE. Will you kindly state how much increase there was in the wages paid, on the average, in your plant after the war began; that is, after we entered the war?

Mr. BARBOUR. After the war began?

Senator LA FOLLETTE. You increased wages a great deal?

Mr. BARBOUR. Yes.

Senator LA FOLLETTE. To a considerable extent?

Mr. BARBOUR. Yes.

Senator LA FOLLETTE. Could you approximate it? Of course, your tables would show. I do not want to take up the time of the committee unduly with that now.

Mr. BARBOUR. The wages went up to almost three times what they were, and in addition there was a reduction in working hours.

Senator LA FOLLETTE. Yes.

Mr. BARBOUR. That reduction of 10 per cent in the working hours was worse for the manufacturers than the 10 per cent advance in wages, because we have interest, overhead, taxes, and all that to consider.

Senator LA FOLLETTE. How much did prices increase, on the average, during that same period?

Mr. BARBOUR. The prices went up, I suppose, three or four times what they were, due, of course, to the increase in the value of the raw material. That went up, as you know.

Senator LA FOLLETTE. And the increased cost in labor?

Mr. BARBOUR. Yes.

Senator SMOOT. You had a pretty hard time to get stocks for a while, didn't you?

Mr. BARBOUR. No. The jute manufacturers did not have so much difficulty in getting material. It comes from Calcutta, India. The only trouble was that when the submarines were around they would torpedo a ship loaded with it, and we would have to wait for another one.

Senator MCLEAN. Have there been any reductions in price from the high point?

Mr. BARBOUR. Oh, yes; prices to-day are less than half what they were.

Senator LA FOLLETTE. What is the lowest rate paid to any class of labor which you employ in your plant at the present time?

Mr. BARBOUR. I presume it would be the truck boys.

Senator LA FOLLETTE. What is called common labor?

Mr. BARBOUR. Yes, sir; common labor.

Senator LA FOLLETTE. What are you paying common labor by the hour?

Mr. BARBOUR. I think they are running all the way from $12 to $14 a week, working anywhere from 44 hours on.

The CHAIRMAN. How many men are employed in the industry in the United States?

Mr. BARBOUR. About 10,000.

The CHAIRMAN. What percentage of the industry is now employed?

Mr. BARBOUR. I should judge somewhere near 50 per cent. It might be a shade more than that.

The CHAIRMAN. I expect only an approximation, you know.

Senator SMOOT. Will you file your brief?

Mr. BARBOUR. I should be very glad to file this brief and have it made a part of the record.

Senator LA FOLLETTE. What is the total amount of the capital stock of your plant?

Mr. BARBOUR. The capital employed is somewhere in the neighborhood of two million.

Senator LA FOLLETTE. In your own plant?

Mr. BARBOUR. In my own plant.

Senator LA FOLLETTE. How is that divided as between preferred and common?

Mr. BARBOUR. It is common stock. It is closely held by my own family.

Senator LA FOLLETTE. What dividends did you pay on that stock in the year 1918?

Mr. BARBOUR. I do not know whether we paid a dividend in 1918 or not.

Senator LA FOLLETTE. I just selected 1918 as an example.

Mr. BARBOUR. I presume we have paid somewhere between 9 and 10 per cent on an average through the last three or four years.

Senator LA FOLLETTE. Running from the period affected by the war?

Mr. BARBOUR. During the period of the war we did not pay much of anything in dividends. We did not know what was going to happen.

Senator LA FOLLETTE. What did you pay last year—1920?

Mr. BARBOUR. In 1920 we paid, I think, a dividend that was about equal to 12½ per cent; that is, 10 per cent and an extra dividend of 2½ per cent.

Senator LA FOLLETTE. So that it was about 12½ per cent?

Mr. BARBOUR. Yes.

Senator LA FOLLETTE. Do you know what you are going to pay this year?

Mr. BARBOUR. No, sir; we have always worked on a conservative basis.

Senator CALDER. Will you make any money this year, Mr. Barbour?

Mr. BARBOUR. I question whether we will. Of course, we are doing everything we can to work economically and break even, if possible.

BRIEF OF J. E. BARBOUR, REPRESENTING THE JUTE MANUFACTURERS' ASSOCIATION.

We herewith beg to submit the identical brief which was submitted to the Ways and Means Committee in January of this year. What was stated then in this brief was the combined consensus of opinion of practically all the jute manufacturers of this country. The conditions to-day do not materially affect anything therein stated.

Paragraph 1003 now reads as follows:

"Jute yarns or roving, single, coarser than twenty-pound, 2½ cents per pound; twenty-pound up to but not including ten-pound, 4 cents per pound; ten-pound up to but not including five-pound, 5½ cents per pound; five-pound and finer, 9 cents per pound; jute sliver, 1½ cents per pound; twist, twine, and cordage, composed of two or more jute yarns or rovings twisted together, the size of the single yarn or roving of which is coarser than twenty-pound, 3½ cents per pound; twenty-pound up to but not including ten-pound, 5 cents per pound; ten pound up to but not including five-pound, 6½ cents per pound; five-pound and finer, 11 cents per pound."

In conformity with our brief we earnestly request that this paragraph be changed to read as follows:

"Jute yarns or roving, single, coarser than twenty-pound, 3 cents per pound; twenty-pound up to but not including ten-pound, 5 cents per pound; ten-pound up to but not including six-pound, 7 cents per pound; six-pound up to but not including four-pound, 9 cents per pound; four-pound and finer, 11 cents per pound; jute sliver, 2 cents per pound; twist, twine, and cordage, composed of two or more jute yarns or rovings twisted together, the size of the single yarn or roving of which is coarser than twenty-pound, 5 cents per pound; twenty-pound up to but not including ten-pound, 7 cents per pound; ten-pound up to but not including six-pound, 9 cents per pound; six-pound up to but not including four-pound, 11 cents per pound; four-pound and finer, 14 cents per pound."

You will see that the proposed bill reduces the number of our groupings from five to four, as well as the specific rates of duty in each group. In our brief the groupings were reduced to the minimum with a view to simplification and any further reduction would tend to great inequalities and make the rates not only inadequate but out of all proportion.

For example, take the third group in paragraph 1603 which now goes from "ten-pound up to but not including five-pound," a range of five full numbers. This is too great a range, as the cost of production in the finer sizes goes up in far greater proportion than the difference of cost in the coarser sizes, and the finer the number the greater the difference in the cost, one number with another.

We therefore strongly urge that you consider no less than five groupings as proposed in our original brief.

We regard the rates in the proposed bill as inadequate and request that you give us the protection which would be afforded by the original rates recommended by us and that the groupings be reinstated in conformity with our original brief.

(Submitted by: Allentown Spinning Co., Allentown, Pa.; American Manufacturing Co., Brooklyn, N. Y.; Chelsea Fibre Mills, Brooklyn N. Y.; Columbian Rope Co., Auburn, N. Y.; Dolphin Jute Mills, Paterson, N. J.; Hanover Cordage Co., Hanover, Pa.; The Hooven & Allison Co., Xenia, Ohio; The Lamond & Robertson Co., Paterson, N. J.; The Schlichter Jute Cordage Co., Philadelphia Pa.; The Sutherland & Edwards Co., Paterson, N. J.; Wilmington Mills, Wilmington, Del.)

BRIEF PRESENTED TO THE WAYS AND MEANS COMMITTEE OF THE HOUSE.

We, the undersigned jute yarn and twine manufacturers of the United States, herein present for your favorable consideration our unanimous suggestions for a protective tariff on the manufactures of jute.

Our idea of a protective tariff is one that merely equalizes the difference in wages and costs of production between the United States and foreign countries irrespective of the cost of raw material. Experience has taught us that within reasonable limits the variation of wages in this country and abroad is in substantially the same ratio. The difference in cost of manufacture varies with the time and amount of labor necessary for manufacture. It requires more time and labor to produce a pound of fine yarn or twine than a coarse one, directly in proportion to its size. We, therefore, require a straight specific rate of tariff to cover this difference in wages and cost of production as an ad valorem tariff would be based, not only upon wages, etc., but also upon the cost of raw material, which should not be considered in the question of equalizing the difference in wages and cost of production. We believe the changes suggested hereafter afford only the proper and necessary protection for our industry.

The proposed change in paragraph 257 is from an ad valorem rate of duty to a specific basis.

1. Raw jute is grown only in India, with the exception of a very small percentage in China. It is the cheapest fiber known. The manufactured products are necessary, innumerable, and indispensable for the commerce of the United States.

Every package of medium bulk is tied up with jute twine. The post office alone uses approximately 2,500,000 pounds annually. Every bale is covered with jute burlap. We estimate jute yarn is the foundation of 80 per cent of the carpets, rugs,

oilcloths, and linoleums manufactured in this country. It is used by the electrical companies as insulation for all their cables and by fuse manufacturers to protect fuse. Normally 300,000 pounds of jute twines are used daily in the distribution of merchandise in this country.

2. Calcutta, India, and Dundee, Scotland, are the sources of competition for the manufacturers in this country. The wages to-day in Calcutta average $1.70 per week, and in one mill employing 4,306 hands the pay of the white superintendent and his assistants is greater than the total pay roll of the native operatives. The mills run 13½ hours per day and, allowing for the greater efficiency of American labor, it only requires one and one-half hand in India to equal the production of one operative in the United States. We have already experienced new competition in yarns from Calcutta, whose principal jute manufacture hitherto has been burlap.

During the last four years, due to war conditions, the jute mills in India have increased 30 per cent, so that to-day they have a capacity for the manufacture of burlap that would more than supply the world and are now running short time.

As yarn is the foundation of burlap, under normal conditions they will naturally turn to increasing very materially their exports of yarn and twine.

3. Dundee has up to the present time been the principal source of competition. Their wages and cost of production are about one-half those of the United States, but if a duty is made to equalize the Indian cost of production it will automatically take care of competition from Dundee.

4. The term "pound" and not "lea" is the correct one to use for describing the size of jute yarn. The term "lea" is only used in the flax and hemp spinning trade, and, although it is perfectly practical to convert the jute term describing the size of yarn into the flax term, it is unusual. We therefore suggest that the tariff, in so far as it embraces jute yarns and twines in Schedule J, should be worded in the accepted terms and trade language.

5. Paragraph 267 now reads:

"Single yarns made of jute, not finer than five lea or number, 15 per centum ad valorem; if finer than five lea or number and yarns made of jute not otherwise specially provided for in this section, 20 per centum ad valorem."

In place of paragraph 267 we propose a straight specific tariff as follows: Jute sliver, 2 cents per pound net weight; single yarns or roving made of jute, the size of which is 4 pounds and finer, 11 cents per pound net weight; over 4 pounds to and including 6 pounds, 9 cents per pound net weight; over 6 pounds to and including 10 pounds, 7 cents per pound net weight; over 10 pounds to and including 20 pounds, 5 cents per pound net weight; coarser than 20 pounds, 3 cents per pound net weight; twines, cordage, or twist of two or more plies made of jute yarn or roving, the size of the individual plies of which is 4 pounds and finer, 14 cents per pound net weight; over 4 pounds to and including 6 pounds, 11 cents per pound net weight; over 6 pounds to and including 10 pounds, 9 cents per pound net weight; over 10 pounds to and including 20 pounds, 7 cents per pound net weight; coarser than 20 pounds, 5 cents per pound net weight.

Paragraph 273 now reads:

"Carpets, carpeting, mats, and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), 30 per centum ad valorem."

In place of this we propose a straight specific tariff, as follows:

Carpets, carpeting, mats, and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), 12½ cents per pound.

Paragraph 279 now reads:

"Plain woven fabrics of single jute yarns, by whatever name known, bleached, dyed, colored, stained, painted, printed, or rendered noninflammable by any process, 10 per centum ad valorem."

In place of this wording, we propose the following:

"Plain woven fabrics of single jute yarn, by whatever name known (except all fabrics known or used as carpets, carpeting, mats, and rugs), bleached, dyed, colored, stained, painted, printed, or rendered noninflammable by any process, 10 per centum ad valorem."

Paragraph 284 now reading "All woven articles, finished or unfinished, and all manufactures of flax, hemp, ramie, or other vegetable fiber, or of which these substances, or any of them, is the component material of chief value, not specially provided for in this section, 35 per centum ad valorem," should be retained as it is.

Paragraph 497 (free list) reading "Grasses and fibers: Istle or Tampico fiber, jute, jute butts, manila, sisal grass, sunn, and all other textile grasses or fibrous vegetable substances, not dressed or manufactured in any manner and not specially provided for in this section," should be retained as it is.

6. The consumption of jute by the manufacturers in this country amounts to 220,000,000 pounds annually.

A comparison between the above specific rates and the ad valorem rates ruling in the past is not possible unless in each instance the value of the product is known or taken at one fixed time. The price of the basic size (14-pound yarn) has varied all the way from 10 to 35 cents per pound, and if the comparison is based on an average of these prices it would not quite equal 25 per cent ad valorem duty.

7. The decline in foreign exchange has worked to our disadvantage, but we believe that in due time this will right itself, and therefore need not be considered by your committee.

Capital invested in the United States	$60,000,000
Hands employed in our industry, about	10,000

Rates of wages, common labor, per day: India, 20 cents; Dundee, $1.50; United States, $3. Skilled trades in same proportion.

The manufactures of jute produced in this country were found to be essential during the war. Without the machinery and organizations existing when war commenced it would have been much more difficult, if not impossible, to move supplies in and from this country.

Statement of wages paid various classes in four companies.

COLUMBIAN ROPE CO.

	Sex.	1913	1914	1915	1916	1917	1918	1919	1920	1921
Weekly working hours		54	54	54	54	50	50	50	50	50
AVERAGE WEEKLY WAGES.										
Common labor		$10.50	$9.95	$9.95	$10.75	$13.15	$15.65	$17.40	$21.95	$19.05
Batching		12.50	11.10	11.05	12.90	15.40	18.65	20.65	25.95	20.20
Preparing		8.25	8.15	8.25	9.45	10.75	14.65	17.45	20.80	16.40
Spinning		8.20	8.50	8.60	9.25	10.00	12.60	14.90	18.60	15.65
Twisting		8.05	7.70	7.70	8.80	10.20	13.50	16.35	19.30	16.35
Winding and reeling		8.05	7.70	7.70	8.75	9.35	12.05	14.05	18.35	14.70
Polishing		11.50	10.65	11.60	13.70	15.40	20.10	23.90	27.80	22.55
Balling		8.70	8.90	8.95	9.85	11.25	14.70	19.20	22.50	18.00
Mechanics		13.75	13.90	14.10	15.20	15.60	19.30	22.85	28.85	24.85
AVERAGE YEARLY SALARIES.										
Clerical force		633.10	666.50	677.00	678.00	740.50	718.60	792.70	845.75	922.50
Executives		3,827.08	3,717.50	4,096.16	3,852.51	4,321.55	4,048.57	3,998.94	3,853.40	3,811.59

CHELSEA FIBRE MILLS.

Weekly working hours		54	54	54	48	48	48	48	48	48
AVERAGE WEEKLY WAGES.										
Common labor	Male	$7.75	$7.75	$7.75	$10.40	$10.95	$16.95	$19.35	$21.85	$19.80
Batching	do	9.35	9.85	10.00	11.45	12.75	16.80	23.05	28.15	21.55
Preparing	Mixed	6.65	6.25	6.20	7.95	9.25	12.25	17.00	22.95	15.60
Spinning	do	6.75	6.95	8.00	8.40	9.65	11.90	15.80	20.70	16.35
Twisting	do	6.25	5.55	5.50	7.60	8.55	11.50	14.10	18.70	15.60
Winding and reeling	do	7.05	8.05	7.40	8.30	9.60	11.70	14.85	23.05	17.55
Polishing	Male	10.15	10.05	10.85	12.80	16.80	17.50	22.25	24.35	21.20
Balling	do	8.75	7.25	8.25	10.05	11.85	16.50	18.20	23.65	16.85
Mechanics	do	14.10	14.60	14.25	15.05	16.70	21.00	26.90	29.40	26.50
Clerical force	Mixed	13.70	14.21	13.30	14.32	20.46	22.08	26.71	29.14	24.09
Executives	Male	144.42	128.60	106.73	116.65	117.30	120.73	150.00	172.59	204.30

Statement of wages paid various classes in four companies—Continued.

DOLPHIN JUTE MILLS.

	Sex.	1913	1914	1915	1916	1917	1918	1919	1920	1921
Weekly working hours	.....	55	55	55	52½	50	50	48⅔	44	44
AVERAGE WEEKLY WAGES.										
Common labor	.....	$8.43	$10.22	$10.46	$11.43	$13.27	$17.80	$21.14	$24.81	$20.53
Batching	.....	8.08	6.47	8.17	10.16	12.44	15.82	18.93	22.76	18.24
Preparing	.....	6.30	6.36	7.88	7.93	9.40	12.36	15.33	20.06	15.37
Spinning	.....	6.41	6.87	6.72	8.56	9.96	12.58	15.45	18.82	15.41
Twisting	.....	6.51	6.80	6.70	8.17	9.81	13.09	15.82	18.93	15.62
Winding and reeling	.....	6.63	7.04	7.37	8.78	10.38	12.65	16.36	19.76	16.28
Polishing	.....	9.37	10.10	10.13	11.61	13.55	16.78	19.24	23.52	19.96
Balling	.....	9.72	9.26	10.15	10.75	13.53	17.92	19.51	25.30	21.14
Mechanics	.....	15.26	14.72	14.66	17.34	19.67	22.01	31.29	34.36	27.25
AVERAGE YEARLY SALARIES.										
Clerical force	.....	1,133.00	1,207.00	1,209.00	1,538.00	1,558.00	1,871.00	2,075.00	2,203.00	1,988.00
Executives	.....	5,655.00	5,630.00	5,727.00	7,137.00	7,150.00	8,724.00	11,830.00	11,206.00	8,120.00

LAMOND & ROBERTSON.

Weekly working hours	.....	55	55	55	50	50	50	48–44	44	44
AVERAGE WEEKLY WAGES.										
Common labor	Male	$9.00	$11.00	$11.00	$13.00	$14.00	$16.00	$17.00	$23.00	$20.50
Batching	do	8.25	8.85	9.00	9.00	11.65	17.00	20.75	22.50	20.95
Preparing	Mixed	5.50	5.50	6.95	7.45	8.50	11.15	15.40	16.95	14.75
Spinning	Female	7.50	8.75	11.15	11.20	12.65	13.10	15.80	17.45	15.70
Twisting	do	7.00	7.00	7.00	.....	8.40	.....	13.75	17.40	14.00
Winding and reeling	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Polishing	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Balling (tubeing)	Female	.....	6.00	7.50	9.60	9.80	13.65	16.25	22.35	17.65
Mechanics	Male	18.00	18.00	18.00	18.00	20.25	20.60	24.35	31.60	29.50
Clerical force	Mixed	15.00	17.50	20.00	20.00	20.00	22.50	25.00	35.00	40.00
AVERAGE YEARLY SALARIES.										
Executives	do	6,000.00	6,000.00	6,000.00	6,000.00	8,000.00	8,000.00	10,000.00	14,000.00	14,000.00

HANOVER CORDAGE CO.

Weekly working hours	.....	54	54	54	54	54	54	54	54	54
AVERAGE WEEKLY WAGES.										
Common labor	Male	$12.00	$15.00	$15.00	$16.00	$16.00	$18.00	$24.00	$24.00	$20.00
Batching	do	12.00	15.00	15.00	16.00	16.00	18.00	26.00	26.00	20.00
Preparing	do	13.00	16.00	16.00	17.00	17.00	20.00	26.00	26.00	22.00
	Female	8.00	12.00	12.00	14.00	14.00	16.00	20.00	20.00	18.00
Spinning	do	10.00	16.00	16.00	18.00	18.00	20.00	24.00	26.00	22.00
Twisting	Male	13.00	16.00	16.00	17.00	17.00	20.00	26.00	26.00	22.00
	Female	9.00	12.00	12.00	14.00	14.00	18.00	20.00	20.00	17.00
Winding and reeling	Male	9.00	15.00	15.00	16.00	16.00	17.00	20.00	21.00	16.00
Polishing	do	13.00	16.00	16.00	18.00	18.00	20.00	26.00	27.00	22.00
Balling	do	13.00	16.00	16.00	18.00	18.00	22.00	26.00	27.00	24.00
Mechanics	do	16.25	18.00	18.00	20.00	20.00	26.00	30.00	35.00	28.00
AVERAGE YEARLY SALARIES.										
Clerical force	Male	936.00	1,100.00	1,100.00	1,250.00	1,250.00	1,560.00	1,800.00	1,800.00	1,700.00
Executives	do	2,600.00	3,640.00	4,000.00	4,000.00	4,000.00	5,500.00	6,000.00	6,000.00	5,000.00

LINEN THREADS, TWINES, AND CORDS.

[Paragraphs 1004, 1006, and 1007.]

STATEMENT OF ROBERT BARBOUR, PATERSON, N. J., REPRESENTING THE BARBOUR FLAX SPINNING CO.

The CHAIRMAN. Mr. Barbour, do you represent the Linen Thread Co.?

Mr. BARBOUR. I represent the Linen Thread Co., New York City; the Barbour Flax Spinning Co., Paterson, N. J.; the Smith & Dove Manufacturing Co., Andover, Mass.; J. E. Barbour Co., Paterson, N. J.; West End Thread Co., Millbury, Mass.; R. J. Ederer Co., Philadelphia, Pa.; Superior Thread & Yarn Co., Gloucester City, N. J.; Chelsea Fibre Mills, Brooklyn, N. Y.

The CHAIRMAN. Where do you live?

Mr. BARBOUR. Paterson, N. J.

The CHAIRMAN. What is your official position?

Mr. BARBOUR. I am president of the Barbour Flax Spinning Co. We have put our recommendations in print.

The CHAIRMAN. They may be printed, Mr. Barbour. If you will briefly call attention to the high spots, we shall appreciate it.

Mr. BARBOUR. Very well, sir. There has been a great deal of comment made by Mr. Foster and Mr. McKeon in reference to the yarn being their raw material. I want to say that we are manufacturers and producers of yarns in America. At the present time, according to their own statement, they are getting foreign yarn cheaper than we can produce it. I believe that neither Mr. Foster nor the other gentleman is a spinner. Are you? You have spoken of raw flax and the difficulty of producing yarn. Do you produce yarns? These gentlemen are not spinners, Mr. Chairman.

There has been a great deal of information given to you with reference to the raw material, but they do not buy the raw material and do not use it as such. We buy the raw material and spin it and produce the yarn and the thread.

Senator LA FOLLETTE. Where do you get your raw material?

Mr. BARBOUR. From Ireland, Russia, Belgium, and Holland.

Senator WATSON. None from the United States?

Mr. BARBOUR. During the war, and during the time the acreage increased in America, we were responsible for that. We tried to promote that at Port Huron. That is where you will find the bulk of the increase was. It was in the State of Michigan. I agree with Mr. Foster and the other gentleman that in normal times America will not be able to compete in the production of the proper fiber.

Senator SIMMONS. Why?

Mr. BARBOUR. Primarily, because of the lack of experience, you might say, in the farming class. Flax, to be properly produced, should be produced by small units. Flax culture meets with more success in foreign countries, where men, women, and children produce the flax and turn it over to the scutch mills. It is an industry, I think, that will be difficult to build up in America due to the conditions here. I think that it is not a type of work that will be done here.

Senator SIMMONS. Your idea is that there is no necessity for protecting this industry because it can not live in competition with a like foreign industry?

Mr. BARBOUR. That is my honest opinion. I do not like to seem inconsistent in wanting a duty on the finished product and not on the raw material, but if you will follow the acreage in America you will find that it will take a tremendous slump.

Senator McCUMBER. Mr. Barbour, can you produce in this country as good an article of flax thread as is produced in foreign countries?

Mr. BARBOUR. We can, and we would be glad to supply these gentlemen with their yarns if we were able to produce it at a satisfactory price.

Senator McCUMBER. I mean from American flax.

Mr. BARBOUR. Not from American flax. We would have to use foreign flax.

Senator McCUMBER. What is the trouble with the American flax?

Mr. BARBOUR. I would say it is primarily due to the poor handling of the fiber, the lack of skilled handling. I think the soil is as good and the climatic conditions are as good, but they have not the skilled operatives.

Senator McCUMBER. If the fiber were handled as well or in the same way, would the product be as good?

Mr. BARBOUR. The fiber itself, the flax straw, is as good in America as anywhere else, but it is the conversion of the straw into the raw material that causes the trouble.

Senator SMOOT. You mean the retting of it?

Mr. BARBOUR. Yes.

Senator McCUMBER. I want to ask you one other question. Is the trouble the higher cost of labor?

Mr. BARBOUR. It is; yes, sir.

Senator LA FOLLETTE (reading):

In 1914 in the United States 1,000 acres were devoted to flax-fiber production and 1,645,000 acres to flaxseed; in 1917, 3,800 acres to flax fiber and 1,809,000 acres to flaxseed. The necessity for weeding and pulling the flax by hand and the exceedingly disagreeable hand labor involved in retting have proven great obstacles to domestic production of fiber in competition to crops better adapted to the use of machinery. Attempts have recently been made here and in Canada to introduce labor-saving devices eliminating weeding and pulling by hand, and providing for artificial retting in central plants. In Canada the acreage increased from 2,000 acres in 1914 to 18,000 acres in 1918.

Mr. BARBOUR. Canada has a better opportunity than we have. They have Indian labor for pulling, and that is a great help to them. Pulling is one of the mean jobs in producing flax, and in Canada they are fortunate in having Indian labor, which is a very great help.

Senator LA FOLLETTE. Do you know, Mr. Barbour, about the development of this labor-saving machinery?

Mr. BARBOUR. Yes, sir.

Senator LA FOLLETTE. Have you made a study of that?

Mr. BARBOUR. We financed the development of some of those pulling machines. They were an absolute fizzle. There is not a single successful pulling machine in America at the present time.

Senator LA FOLLETTE. The retting is the most disagreeable process?

Mr. BARBOUR. The dew retting as done in Canada is quite practicable where you can get the help, where you lay the straw on the ground and allow the dew to ret. The central plant—there is only one in the United States—is a failure. We attempted a central plant for retting and scutching by machinery.

Senator LA FOLLETTE. How long did you operate it?

Mr. BARBOUR. We operated it starting at about 1917 and continued into 1919.

Senator LA FOLLETTE. How long did it take to ascertain its practicability?

Mr. BARBOUR. About three years. We could not get the results, and at the present time that company is being liquidated.

Senator SUTHERLAND. Do you think three years exhausted its possibility?

Mr. BARBOUR. Mr. Sommers had 20 years' experience in flax, or probably more than that.

Senator SMOOT. Is that the same company that made the investigations out in Utah as to the raising of flax and the retting of it?

Mr. BARBOUR. I do not know.

Senator LA FOLLETTE. Who is Mr. Sommers?

Mr. BARBOUR. Mr. Sommers was the president of the Sommers Fiber Co., which is the concern we became associated with, you might say, in that development.

Senator SMOOT. Was there any other company who undertook to develop this industry besides yourselves?

Mr. BARBOUR. There was another company that had a good deal of experience, but they have——

Senator SMOOT (interposing). Did they have a new process?

Mr. BARBOUR. No; they were going to produce dew-retted fiber.

Senator MCLEAN. Are they extending the use of the Canadian product in Canada?

Mr. BARBOUR. No.

Senator MCLEAN. What did they do?

Mr. BARBOUR. We have bought a good deal of that Canadian flax.

Senator MCLEAN. Produced in Canada?

Mr. BARBOUR. Produced in Canada.

Senator MCLEAN. You say that is grown by Indian labor?

Mr. BARBOUR. No, pulled by Indian labor.

Senator MCLEAN. By Indian labor—East Indian labor?

Mr. BARBOUR. No, I mean American Indian labor. They employ for that purpose Canadian Indians.

Senator MCLEAN. What wages do they get compared with the wages paid white people?

Mr. BARBOUR. I do not know. I do not think they use white people for that purpose. Indians go out and set up their tents and camp on the fields—men, their wives, and children. A man will have his wife and children engaged in pulling, and he gets so much an acre. He may have his wife and four children, and in that way it is pretty practicable.

Senator SIMMONS. During the war when you were unable to get your raw material from abroad, did the production in the United States and Canada suffice for your operations?

Mr. BARBOUR. No. The entire production in Canada would not run our plants for more than a few months. Our own company has to run almost entirely on stocks we had on hand, and, of course, our business was tremendously restricted and devoted to Government work. We had to give up civilian business.

Senator SIMMONS. Is the quality of the American product comparable with that from abroad?

Mr. BARBOUR. It is not comparable at all. The American flax is not comparable with that from Belgium or Irish flax or Dutch flax.

Senator SIMMONS. How does the price compare?

Mr. BARBOUR. Right now? They are not selling much, if any, you might say; at the present time the industry in America is at a standstill.

Senator SIMMONS. You regard it as a moribund industry?

Mr. BARBOUR. I can not see anything else to it. I think in Canada there will always be some flax produced. They can do it there. I think the labor conditions are different there. The scutching in Canada has spread out over a considerable area.

Senator SIMMONS. You see no reason for protecting the raw product?

Mr. BARBOUR. I certainly do not. I would like to say a word on something that has been a little bit distorted, and that is with reference to the percentage of duty we are asking for. The duties we are asking for and the reason we are asking a specific duty is in order to differentiate between the cost of manufacture of our product per pound here and abroad, and it is the only fair way to do it. It is not a matter of value. When prices fluctuate, our costs compared to those of abroad carry just the same differential between the two, and to make it a really practical duty it must be a specific duty, not an ad valorem duty. It has nothing to do with the value of the product, a question of compensation between American and foreign cost of manufacture in terms of so much per pound, and that is why we are asking for it in that form.

You may be interested to know that at the present time Italian hemp yarn is being sold freely in the United States to the carpet manufacturers at 25 cents a pound. Our Spruce Street plant has been shut down practically a year. We can not produce carpet yarn at that cost. Our cost is slightly in excess of 30 cents a pound for 5-lea yarn and around 32 cents for 6-lea yarn. The Spruce Street plant of the Barbour Flax Spinning Co. has been standing practically idle since January 1.

Senator WATSON. What do you say it cost you to make that?

Mr. BARBOUR. It cost us about 30 cents for 5 lea and for the 6 lea around 32 cents; that is cost production, with no profit. That mill has been shut down since the 1st of January.

Senator SMOOT. What is the size of that plant?

Mr. BARBOUR. The Barbour Flax Spinning Co. employs about 2,500 hands.

Senator SMOOT. I mean that particular plant you spoke of.

Mr. BARBOUR. That one plant employs about 150 hands.

Senator SMOOT. What is the size of the yarn that you spoke of?

Mr. BARBOUR. Six-lea yarn. We are asking about 8 cents per pound protection on that size. That will bring this yarn to about 33 cents now. That would be a pretty slim profit at that.

Senator SIMMONS. You say it cost how much?

Mr. BARBOUR. It costs around 32 cents to produce; the cost of production with no profit at all. We could not sell it at that.

Senator SIMMONS. How much did you say it cost you a pound to produce?

Mr. BARBOUR. About 32 cents per pound. This Italian product is now being sold here at 25 cents a pound.

Senator McCUMBER. Where do you get the most of your fiber at the present time?

Mr. BARBOUR. We get most of our fiber at the present time from Ireland and Belgium.

Senator McCUMBER. And Russia is furnishing none?

Mr. BARBOUR. Not yet.

The CHAIRMAN. Did you ever get a large amount from Russia?

Mr. BARBOUR. Yes, sir; we did.

The CHAIRMAN. What percentage of the total importation comes from Russia?

Mr. BARBOUR. Well, I think you can say that Mr. Foster's figures are about right. Russia produces about 75 per cent of the flax of the world.

Senator McCUMBER. That does not answer the question as to how much is imported into this country.

Mr. BARBOUR. I could not tell you how much in tons the industry brought in.

Senator SMOOT. In paragraph 1003 it says, "Jute yarns or roving, single, coarser in size than 20-pound, 2½ cents per pound." On what basis did you figure those?

Mr. BARBOUR. Senator, I am referring to paragraph 1004.

Senator SMOOT. I thought, maybe, you could tell me.

Mr. BARBOUR. No, I am not a jute manufacturer.

Senator SMOOT. I have never manufactured jute yarn, and I wanted to know, because in wool and cotton and all that we know just exactly what that means.

Mr. BARBOUR. I am just as ignorant on jute as you are. I am not connected with the jute industry at all, and we have not a jute system in any of our mills.

Senator McCUMBER. There is no competition between the jute and the flax thread, is there?

Mr. BARBOUR. Unfortunately, there is quite a good deal.

Senator McCUMBER. Is there?

Mr. BARBOUR. Yes, on twines.

Senator McCUMBER. Jute is only used for coarser threads?

Mr. BARBOUR. Yes. We make some twines, and only in the twines do they compete.

Senator WATSON. Of all the flax consumed in the United States for manufacturing purposes, what proportion of it is raised in the United States now?

Mr. BARBOUR. I do not think above 2 per cent.

Senator WATSON. And your theory is you ought to have free trade in that because it is not an industry that can be built up by protection.

Mr. BARBOUR. That is my honest opinion.

Senator SMOOT. On what basis do you figure the lea?

Mr. BARBOUR. The lea is 300 yards to the pound.

Senator SIMMONS. I want to ask a question on behalf of a Senator who is absent. I want to ask you if you are willing to state to the committee the dividends declared by your company for the years 1914, 1915, 1916, 1917, and 1918 and the wages paid?

Mr. BARBOUR. Yes. We will be glad to give you the wages. I have them right here. I think the hourly rate would be interesting, and I would like to read the wages paid abroad, if you would allow me.

The CHAIRMAN. Proceed.

Mr. BARBOUR. These are comparative wages between Great Britain and the United States. In Great Britain the operation performed by spreaders, the workers for that receive in equivalent American currency, taking the exchange of $4, 15.63 cents an hour; the rates in America are 36.8 for that operation, or considerably more than twice as much.

For spinners, the rate in Great Britain is the same, 15.63 cents, while we pay 40.7 cents an hour here.

I think those two operations are very typical. I have others here. They run about the same, or considerably more than double.

Senator SIMMONS. Does that comprise all the different classes of labor?

Mr. BARBOUR. Yes. I have here what we pay to spreaders, rovers, spinners, twisters, and ballers.

Senator SIMMONS. That includes all kinds of labor employed by you in your operation?

Mr. BARBOUR. Yes; not male help. We have not put male help down here, because male help is more or less a fixed thing.

Senator SIMMONS. That would be very inadequate, I should say, without the male rates. You just put down the female wages?

Mr. BARBOUR. Yes; that is about 65 or 70 per cent of our help.

Senator SIMMONS. Why not put down the male help?

Mr. BARBOUR. Male help is very fixed in the United States. There is not much male help used in spinning in our industry.

Senator SIMMONS. There is some?

Mr. BARBOUR. There are engineers and mechanics. We pay our mechanics 65 cents an hour, the regular rates.

Senator SIMMONS. Then give the rates you pay your mechanics and all skilled labor.

Mr. BARBOUR. I have not got them with me.

Senator SIMMONS. Can you supply that to the committee?

Mr. BARBOUR. Oh, yes; I will be glad to.

Senator SIMMONS. In that table you simply compare your wages with the wages of Great Britain?

Mr. BARBOUR. For the same operations; yes.

Senator SIMMONS. But that hardly gives what the absent Senator desires. It gives the wages you pay the female help only.

Mr. BARBOUR. We will be glad to furnish it as desired.

Senator SIMMONS. Will you also, if you haven't it with you, send it to the stenographer hereafter and let him incorporate it, the dividends that your company has paid during the years since 1913?

Mr. BARBOUR. Yes, sir.

Senator WATSON. You have said that only 2 per cent of all the flax consumed in this country was produced in this country, of the raw material. What is the total consumption of flax in the United States?

Mr. BARBOUR. I can say only for our company.

Senator WATSON. You do not know the total?

Mr. BARBOUR. No; I could not tell you offhand.

Senator WATSON. Let me ask you this further question: How many acres of flax are grown in this country?

Mr. BARBOUR. Normally it is 2,000,000 acres of flax, almost entirely for seed production and unsuitable for fiber.

Senator WATSON. Is there anything inferior in the texture or fiber of the flax raised in North Dakota?

Mr. BARBOUR. We never used a pound of it.

Senator WATSON. Is there any reason you could not use it, so far as the texture or fiber of it is concerned?

Mr. BARBOUR. It is absolutely unsuitable for our purposes—North Dakota flax. We have used some Michigan flax.

Senator WATSON. If you have never used it, how do you know?

Mr. BARBOUR. We have had samples of it repeatedly. We never bought it.

Senator WATSON. You can tell by simply looking at the samples?

Mr. BARBOUR. We certainly can.

Senator WATSON. Wherein do the Russian and Irish flax, as it grows out of the ground, differ from the North Dakota flax?

Mr. BARBOUR. I am not really interested in the flax as it grows out of the ground; we could not use it that way.

Senator WATSON. I am talking about the fiber itself. Is it in the handling or in the texture of the fiber itself?

Mr. BARBOUR. I would say the retting was an important thing.

Senator WATSON. Then that is a part of the handling after it is grown?

Mr. BARBOUR. I understand what your thought is, and I would say that probably the ultimate fiber in the stock might be very similar to that in foreign flax, but flax grown for seed produces a short scrubby straw, the ultimate fiber of which would be unsuitable for spinning.

Senator WATSON. That is what I want to get at, if there was a real difference.

Mr. BARBOUR. The fact is this, that the entire question as to the value of the fiber exists in the time it is pulled, how it is retted, and how it is handled. The straw is absolutely unsuitable for our purpose; we could not take in flax straw; we could not use a pound of it. The straw has got to be properly pulled, retted, and scutched; that is where the American producer falls down.

Senator SIMMONS. Mr. Barbour, I am afraid that I omitted one element that the Senator I referred to would probably like to have that data upon, and that is, in addition to your dividends, will you give any surplus that you may have not distributed?

Mr. BARBOUR. We will give you our sales.

Senator SIMMONS. And show your profits?

Mr. BARBOUR. We will give you our sales, and give you the full information you desire on that.

Senator CALDER. What years did you ask the information for?

Senator SIMMONS. Beginning with 1913 and running up to 1918.

Mr. BARBOUR. Who shall I forward that information to?

Senator MCLEAN. Forward it to the committee.

Senator CALDER. Can you include this year?

Mr. BARBOUR. Yes. This year will be nothing, I can guarantee you that, so far as profit goes.

The CHAIRMAN. On that point, what percentage of activity is there in this industry?

Mr. BARBOUR. Right now, 40 or 50 per cent.

(Mr. Barbour submitted the following petitions:)

THREADS, TWINES, AND CORDS.

[Paragraph 1004.]

We, the undersigned, manufacturers of linen, hemp, and ramie threads, twines, and cords, herein present for your favorable consideration certain amendments in the above paragraph.

The duties proposed, as affecting threads or cords, are inconsistent with those as proposed for single yarns. The labor item in the manufacture and finishing of our threads and cords is just double as compared with that item in the manufacture of the yarn from which the threads and cords are made. Therefore, the amount added per lea or number should be just double that added to the single yarn.

It is also absolutely necessary to add, and would be inconsistent not to add, the item of 6 cents per pound for the dyeing, bleaching, or otherwise finishing the thread or cord, the same as already incorporated in the bill for yarns that are dyed, bleached, or otherwise finished. We feel that this item must have been unintentionally omitted, or it is a typographical error.

Paragraph 1004 now reads as follows:

"Single yarns in the gray, made of flax, hemp, or ramie, or a mixture of any of them, not finer than 8 lea, 8 cents per pound; finer than 8 lea and not finer than 60 lea, 8 cents per pound and one-half cent per pound additional for each lea or part of a lea in excess of 8; finer than 60 lea, 35 cents per pound, and in addition thereto, on any of the foregoing yarns when boiled, bleached, dyed, or otherwise treated, 5 cents per pound: *Provided*, That the duty on any of the foregoing yarns not finer than 8 lea shall be not less than 20 per cent ad valorem; on any of the foregoing yarns, finer than 8 lea, not less than 23 per cent ad valorem.

"Threads, twines, or cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together, the size of the single yarn of which is not finer than 8 lea, 16 cents per pound; finer than 8 lea and not finer than 60 lea, 16 cents per pound and three-fourths cent per pound additional for each lea or part of a lea in excess of 8; finer than 60 lea, 56 cents per pound: *Provided*, That the duty on the foregoing threads, twines or cords, shall not be less than 23 per cent ad valorem."

We earnestly request that the latter portion of this paragraph be changed to read as follows:

"* * * Threads, twines and cords, composed of two or more yarns of flax, hemp or ramie, or a mixture of any of them, twisted or braided together, the size of the single yarn of which is not finer than 8 lea, 16 cents per pound; finer than 8 lea and not finer than 40 lea, 16 cents per pound and 1 cent per pound additional for each lea or part of a lea in excess of 8; finer than 40 lea, 53 cents per pound, and in addition thereto on any of the foregoing threads, twines, or cords, when boiled, bleached, dyed, or otherwise treated, 6 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall be not less than 23 per cent ad valorem."

We will gladly furnish any and all information desired in support of our contentions.

The Linen Thread Co., New York City; Barbour Flax Spinning Co., Paterson, N. J.; Smith & Dove Manufacturing Co., Andover, Mass.; J. E. Barbour Co., Paterson, N. J.; West End Thread Co., Millbury, Mass.; R. J. Ederer Co., Philadelphia, Pa.; Superior Thread & Yarn Co., Gloucester City, N. J.; Chelsea Fiber Mills, Brooklyn, N. Y.

GILL NETTING.

[Paragraph 1006.]

We, the undersigned, manufacturers of gill netting, most urgently beg that paragraph 1006 be amended.

Paragraph 1006 as proposed by the Ways and Means Committee now reads as follows:

"Gill nettings, nets, webs, and seines, and other nets for fishing, composed wholly or in chief value of flax, hemp, or ramie, shall pay the same duty per pound as the highest rate imposed in this act upon any of the thread, twine, or cord of which the mesh is made, and in addition thereto 10 per cent ad valorem"

The duties that would apply to the thread, twine, or cord from which the netting is knit, while necessary, would furnish no protection to a manufacturer of gill netting.

A net manufacturer is merely a converter in that he manufactures nets from gilling threads, twines, or cords, which he may or may not manufacture himself.

The threads, twines, or cords he uses are to him his raw material, and consequently any rates or duties which apply on such threads, twines, or cords do not protect him

in the manufacture of the netting. As this paragraph reads, the only protection a netting manufacturer would receive would be the ad valorem rate of 10 per cent, which protection is wholly inadequate.

In view of the foregoing, we respectfully request that paragraph 1006 be amended to read as follows:

"Gill nettings, nets, webs, and seines and other nets for fishing, composed wholly or in chief value of flax, hemp, or ramie, shall pay the same duty per pound as the highest rate imposed in this act upon any of the thread, twine, or cord of which the mesh is made, and in addition thereto 40 per cent ad valorem."

Recent quotations by foreign manufacturers both on the Continent and in Japan have convinced us that the ad valorem duty of 10 per cent recommended by the Ways and Means Committee must be increased to at least 40 per cent if this class of netting is to continue as a manufactured article in this country.

We will gladly furnish any and all information desired in support of our contentions.

THE AMERICAN NET & TWINE CO.
R. J. EDERER CO.
FISH NET & TWINE CO.
NATIONAL NET & TWINE CO.

BRIEF OF THE LINEN THREAD CO., NEW YORK CITY.

A review of the proceedings at the hearing before the Committee on Finance on H. R. 7456, December 12, 1921, Schedule 10—Flax, hemp, and jute, and manufactures of, shows certain statements made by Mr. Linus C. Coggan, representing Charles Niedner's Sons Co., to which, in part, we take exception.

Mr. Coggan states that it is impossible to secure in this country the necessary materials required in the manufacture of linen hose. Mr. Coggan is on record as follows: "There is not grown (in the United States) a flax from which can be made a flax line yarn such as is used in the manufacture of linen fire hose." Mr. Coggan is correct in making this statement.

Further down on the same page he says: "Nothing is made in this country which competes with the yarn which we use in the manufacture of fire hose. That comes from Scotland." If, in this statement, Mr. Coggan refers to the quality of the yarn, his statement is contrary to fact; but if he refers to the difference in price between domestic and foreign yarns, we take no issue with his statement.

In a brief submitted by Charles Niedner's Sons Co. we find the following sentence: "There is not grown in this country a suitable flax nor is there manufactured in this country a flax line yarn suitable for making high-grade linen fire hose." The first part of this statement, viz, "There is not grown in this country a suitable flax," is correct. To the second part, viz, "nor is there manufactured in this country a flax line yarn suitable for making high-grade linen fire hose," we take decided exception.

We would like to go on record that there are at least three spinners in the United States to-day, all of whom have been doing business for years, who can make a yarn as good as and considerably better than the hose manufacturers are importing from Scotland.

Mr. George F. Smith, of Smith & Dove Manufacturing Co., Andover Mass., a member of the committee representing our industry as a whole, has stated on the stand that his company was "prepared to furnish satisfactory hose yarns and satisfactory weaving yarns if we can get the price, and the reason we are not furnishing these yarns to-day is that the yarns are being imported at prices with which we can not compete."

Speaking for our own company, the Linen Thread Co., we might say that Mr. Smith has stated the case correctly.

Mr. Coggan, we believe, is not sufficiently familiar with the business to realize the incorrectness of his statement. On the other hand, Mr. Niedner, having been a long time in business, must be aware of the fact that his brief is faulty, in view of the fact that the firm of Charles Niedner's Sons Co. has bought from the Linen Thread Co. thousands and thousands of pounds of yarn spun in this country for the purpose of making hose, previous to the time they found it expedient to import yarn from the other side.

Should you desire that we compile a statement in the form of an affidavit showing deliveries of yarn made to Charles Niedner's Sons Co. during past years, we will be most willing to do so. Such a statement would very clearly show the falling off in poundage delivered during such time as foreign manufacturers were in a position to supply those yarns, when the tariff was not sufficiently high to protect us against British labor. Their brief, far from being an argument in favor of a reduction in the tariff on single yarn, is a concrete reminder of the fact that the present tariff of 20 per cent ad valorem

does not furnish the necessary protection. In view of the fact that Charles Niedner's Sons Co. had for years purchased yarn that was spun on this side, we think you will agree with us that the statement they have made in their brief is open to question. Mr. Niedner says: "Evidence and proof are available that there is no adequate supply to satisfy the requirements of the hose manufacturers." In answer to this we beg to say that we stand ready to-day to supply the hose manufacturers in the United States with all the yarn they require, in quality as good as or better than they are now importing from Scotland, if they will pay us a price which will show us a reasonable return.

Our purpose in writing is that we want the record cleared up in which it would appear that our ability to manufacture the yarn is denied, whereas the fact is that it is entirely a question of adequate protection.

STATEMENT OF GEORGE F. SMITH, ANDOVER, MASS., REPRESENTING SMITH & DOVE MANUFACTURING CO.

The CHAIRMAN. Will you state your full name?

Mr. SMITH. My full name is George F. Smith.

The CHAIRMAN. Where do you reside?

Mr. SMITH. Andover, Mass.

The CHAIRMAN. What is your occupation?

Mr. SMITH. President of the Smith & Dove Manufacturing Co.

The CHAIRMAN. You will please proceed without repeating.

Mr. SMITH. I think Mr. Barbour meant to call attention to one or two high spots in the brief, which is a joint brief, and one of them is that in the case of the yarns there is a differential duty of 5 cents a pound additional to the gray yarn when boiled, bleached, dyed, or otherwise treated. In the case of threads there is no differential, and we can see no reason for it unless it was an omission and inadvertency on the part of the framer of this schedule, and we would ask that 6 cents a pound additional be provided on threads that are boiled, bleached, dyed, or otherwise treated.

We also ask that the amount added per lea should be double for threads what it is for yarns. There is half a cent additional per lea on yarns, and there should be double that on threads, as the labor of converting the yarn into thread, winding it, and preparing it for the market is at least double the labor on yarn, and there should be the same differential.

The CHAIRMAN. Your joint communication sets that forth, does it not?

Mr. SMITH. Yes. I am simply emphasizing that. In the wording "threads, twines, etc.," we have inserted the word "braided," which is new. In the last three or four years there has been a new thread on the market. Up to the present time it has been mostly cotton; instead of twisting the strands together, they are braided. There is one concern that has done a very large business in cotton thread braided, and there is a possibility of the braiding of linen threads, and we thought this should be included in the schedule to prevent braided threads being brought in under some basket clause.

I would also like to state that in connection with the remarks made by the first speaker and by the speaker representing the union towel industry that my own company, at least, and, I think, the others are prepared to furnish satisfactory hose yarns and satisfactory weaving yarns if we can get the price, and the reason we are not furnishing those yarns to-day is that the yarns are being imported at prices at which we can not compete.

Senator WATSON. From where?

Mr. SMITH. From Ireland and Italy—I do not know whether there is any coming from Germany or not. We are running our plant with about one-third the number of hands an average of three or four days a week, and have got suitable spinning idle, and we have raw material.

Senator WATSON. Do you charge that condition wholly to importations?

Mr. SMITH. Not wholly to imports; no. The reason we are not selling what they are using in those yarns to-day is on account of the import price under the low duty at the present time.

Senator WATSON. How do those prices compare with prewar prices back as far as 1914?

Mr. SMITH. You mean the import prices?

Senator WATSON. Yes.

Mr. SMITH. I should say that they were nearly double.

Senator WATSON. They are nearly double what they were then?

Mr. SMITH. Nearly double; yes. They were three or four times as much during the war.

Another point that I would like to bring out in connection with the flax industry is this: About the growing of flax in this country, mention was made of the large increase in the acreage of flax in Canada. The soil in Canada is probably the same as in Michigan. The first time I went up there and investigated the flax industry and bought flax in Canada was in 1893, and I went up for a number of years after that, and at that time there was a very flourishing industry. There were about 30 scutching mills, and about two or three thousand tons of flax fiber raised and sold each year. Most of it came to the United States. The industry began to decline, until the artificial stimulus of the war occurred, and it is perfectly true that from 1914 to 1918 the acreage there increased from about 2,000 to 18,000, and the price of the flax increased from about 9 cents a pound to $1.10 a pound.

The 1920 flax crop in Canada is still in the hands of the banks. The banks have advanced about 60 cents a pound on it, and I was offered 50 tons the other day at 22 cents per pound and I refused it.

HYDRAULIC HOSE YARNS.

[Paragraphs 1004 and 1007.]

STATEMENT OF LINUS C. COGGAN, LAWRENCE, MASS., REPRESENTING CHAS. NIEDNER'S SONS CO. AND WILLIAM & CHARLES BECK (INC.).

The CHAIRMAN. Mr. Coggan, will you kindly state your residence?

Mr. COGGAN. Boston, Mass.

The CHAIRMAN. What is your occupation?

Mr. COGGAN. Attorney at law.

The CHAIRMAN. You are not here as a principal or as a manufacturer?

Mr. COGGAN. No, sir; I am representing all the linen fire-hose manufacturers of this country, and in addition to those which appear opposite my name I represent the Eureka Fire Hose Manufacturing Co., whom Mr. McKeon appears on that list as representing.

The CHAIRMAN. How many do you represent?

Mr. COGGAN. Three. That is all there are in this country.

The CHAIRMAN. With all due deference to you as an attorney, the committee would like to hear from the principals.

Mr. COGGAN. Mr. Chairman, I am also an officer of the Beck Co. Mr. Niedner is here, as is Mr. McKeon. Adopting your suggestion, we have unified our interests and I am to speak for them.

The CHAIRMAN. You are to be the only speaker, are you?

Mr. COGGAN. Yes, sir; I am to be the only speaker. I am going to take but a few moments of your time.

The CHAIRMAN. Very well; you may proceed.

Senator WATSON. To what paragraph do you intend to address yourself?

Mr. COGGAN. To paragraphs 1004 and 1007.

Senator WATSON. You have a brief prepared in addition to the remarks you are about to make, have you?

Mr. COGGAN. I have; yes, sir.

The CHAIRMAN. If you have something that you wish to print, I suggest that you call the attention of the committee only to the high points.

Mr. COGGAN. I shall be glad to do so. There are three points to which I wish to call your particular attention. The first one is that we can not get in this country the material that we need. It is impossible to get it. There is not grown the flax from which can be made the flax-line yarn such as is used in the manufacture of linen fire hose, so that we are asking to have the flax-line yarn for the manufacture of fire hose admitted free of duty. The only result of imposing a duty on flax-line yarns for this purpose is to make the American consumer of fire hose pay more for his product, and that being an element entering into building construction we feel that those costs should be kept down and that the yarn should be admitted without duty.

Senator MCCUMBER. Is there not something produced here in competition with that?

Mr. COGGAN. No, sir.

Senator MCCUMBER. Something in the nature of a substitute, or anything of that character?

Mr. COGGAN. Nothing is made in this country which competes with the yarn which we use in the manufacture of fire hose. That comes from Scotland.

Senator MCCUMBER. Can't you use a substitute?

Mr. COGGAN. No, sir; not a substitute that is suitable. It is not made in this country.

Senator SMOOT. Do you want to mention that class of yarn by number?

Mr. COGGAN. Yes. I have done that in my brief. I do not intend to take up the details. We have set out all these reasons and have analyzed the situation, if a duty is imposed.

As a second point, if a duty is to be imposed, it should be upon an ad valorem and not upon a specific basis; and the reason for that is also set out in our brief.

Senator WATSON. You say none is manufactured in this country?

Mr. COGGAN. No, sir; there is none manufactured.

Senator WATSON. Is there any attempt to make it.

Mr. COGGAN. No, sir. There is a product made which can be used in a cheaper character of hose, but it would be impossible to get it in quantity.

Senator SMOOT. Are you objecting to flax straw at $2 a ton?

Mr. COGGAN. No, sir.

Senator SMOOT. All you want is flax yarn for fire hose to come in free?

Mr. COGGAN. Yes; and if not free, upon an ad valorem rather than upon a specific basis.

Senator SMOOT. Do you mention the ad valorem you desire in your brief?

Mr. COGGAN. Yes; whatever the ad valorem is, we desire a differential of 30 per cent as between the yarn and the finished goods.

The CHAIRMAN. Is there anything else, Mr. Coggan?

Mr. COGGAN. I think not.

BRIEF OF LINUS C. COGGAN, REPRESENTING FIRE HOSE MANUFACTURERS.

This brief is submitted by and in behalf of every linen fire-hose manufacturer in the United States.

There are three contentions:

1. That flax-line yarns imported solely for the manufacture of linen fire hose should be admitted free from duty.

2. That if it seems wise to impose a duty upon flax-line yarns admitted for this or any other purpose the duty should be upon an ad valorem and not upon a specific basis.

3. The duty imposed on finished hose under paragraph 1007 in the proposed bill is insufficient.

1. Linen fire hose, such as you see hanging in the corridors of all large buildings and about industrial plants, is a high-grade product manufactured to comply with specifications, as determined by the boards of fire underwriters. It is made exclusively from imported flax-line yarns of grades between 8 and 20 lea, inclusive.

There is not grown in this country a suitable flax, nor is there manufactured in this country a flax-line yarn suitable for making high-grade linen fire hose.

Necessarily any duty whatever which is paid by the manufacturers of linen fire hose upon the yarns entering into their products only forces the consumer of fire hose in this country to pay just so much more for the finished product. Inasmuch as this is an item entering into building costs, everything should be done to decrease these costs and encourage new construction rather than to increase them. Further, as no one needs protection for this class of raw material, it seems to us highly advisable that flax-line yarns imported solely for the manufacture of linen fire hose should be admitted free from duty.

If it should be admitted that it is possible to procure a character of yarn in this country to make a cheap and inferior grade of fire hose, evidence and proof is available that there is no adequate supply to satisfy the requirements of the hose manufacturers.

2. It is submitted that the specific duty on yarns as proposed in paragraph 1004 is wholly impractical and unscientific and may, under conditions which it is quite probable will arise in the near future, drive out of existence manufacturers using this class of material.

Under the proposed bill the completely manufactured foreign goods with which we have to compete are assessed only at an ad valorem duty of 26 per cent, while the raw material or yarns is advanced from an ad valorem duty of 20 per cent to a specific duty amounting to from 35 to 40 per cent of present-day values and which would amount to from 70 to 80 per cent ad valorem should these goods reach the prewar values, which is entirely probable.

It may be argued that under the proposed "American valuation clause" the foreign article with which we must compete will pay a higher duty than if assessed upon the foreign values, which we admit, but, even so, the foreign goods may well be landed here at less cost than we are able to manufacture them for.

To illustrate specifically this conclusion, let us take an actual example. In May, 1921, our Underwriter's hose, 2½-inch, was selling at approximately $2 per pound. The duty on such hose under the proposed Fordney bill, 26 per cent ad valorem, would be 52 cents per pound. Now, bear in mind that slightly more than 1 pound of boiled yarn, 20 lea, would be required to make 1 pound of hose, so that the duty as

scheduled in the proposed bill upon that 1 pound of hose would be 20 cents. Therefore, the net protection would amount to 52 cents per pound of hose, minus 20 cents, leaving 32 cents, which is a protection of 16 per cent upon the domestic price. It will be obvious, of course, that as prices gradually recede to normal the percentage at a specific rate of duty will constantly increase, while the imported finished hose which competes with our goods will pay less and less duty until finally we will have to pay as much duty in actual dollars and cents upon yarn or raw material per pound as our foreign competitor pays upon his finished article, as we will show.

Assume that the hose mentioned above selling at $2 a pound was selling at 75 cents a pound in 1914 and the yarn now costing us 75 cents a pound without duty would have cost us 25 cents a pound in 1914, and consider this with regard to our ratio of protection. If our selling price recedes to prewar or 75 cents a pound for the hose we are now selling at approximately $2 a pound, the duty that the foreign manufacturer will pay will be 26 per cent of 75 cents, or 19½ cents per pound. Now, under the present schedule if we are required to pay a specific duty of 20 cents per pound (which is 19 cents, plus 1 cent for waste) on 25-cent yarn, this is equal to an ad valorem duty of 80 per cent, while our foreign competitor is paying 26 per cent upon the finished article. The only answer to this appears to be that the price will not recede. Our contention is just as sound that it will recede, and in any event the contingency should be provided against and the American manufacturer protected.

Let us look for the moment at the foreign manufacturer's price and assume, which is substantially correct, that he can manufacture hose for $1.25 per pound, which is comparable to our hose at $2 a pound. This is, of course, accounted for by his cheaper labor and material. Importing this hose at $1.25 he would under the proposed bill pay a duty of 52 cents (26 per cent of $2, the American valuation), which would land his hose in this country at $1.77 per pound, which is 23 cents less than we could sell the same hose for, and this he is able to do notwithstanding the present high prices in Europe, so that if hose in this country reaches the 1914 price of 75 cents per pound the foreign manufacturers' selling price would be about 50 cents a pound. Add to this his duty at 26 per cent, or 19 cents (which is 26 per cent of 75 cents, American valuation), he will be able to sell his product at 69 cents a pound in this market, while if our raw material costs us 25 cents a pound, we pay specific duty on yarns of 20 cents per pound, making the price of our material 45 cents a pound, and we could not sell our hose for less than 75 cents a pound, or 6 cents above the price of our foreign competitor.

All of this justifies us, we think, in asking that even if any duty be imposed on flax-line yarns used in the manufacture of linen fire hose it should, like the finished article, be upon an ad valorem basis, for on a falling market the foreign manufacturer gets the advantage and the domestic merchant is penalized.

It will be observed that the proponents of the specific duty on flax-line yarns as reported in the bill are yarn manufacturers. They are unable to supply the demand for suitable flax-line yarn from this country. To place a specific duty upon linen yarns under so broad a classification as they request is to practically put a noncompetitive price upon flax-line yarn, suitable for the manufacture of linen fire hose, upon which they need no protection, for they can not supply it.

The differential between American and foreign labor and raw material is, in our opinion, in the future to be so high as to warrant the duty on linen fire hose being placed as high as 50 per cent ad valorem. This is especially true should your committee deem it advisable to place a specific duty upon the yarn, for the arguments used in the preceding paragraphs should convince one that the differential resulting between the foreign conditions and specific duty and 26 per cent ad valorem on the finished goods is by no means wide enough, and we beg to state that in our opinion the duty upon manufactured linen fire hose should be 50 per cent ad valorem.

And, in general, in our opinion the so-called "American valuation" is unscientific and will be a poorly operating system.

We beg to recommend to you the following:

First. The addition to paragraph 1004 of the proposed bill the words: "*Provided*, That flax-line yarns of 8 lea and not finer than 20 lea, imported solely for the manufacture of linen fire hose, shall be admitted free of duty."

Second. Should it be deemed wise not to adopt the preceding recommendation, then instead of a specific duty on flax-line yarns of 8 lea and not finer than 20 lea an ad valorem duty of 20 per cent.

Third. A change in paragraph 1007 from 26 to 50 per cent ad valorem.

Fourth. In any event, a differential between the ad valorem value of flax-line yarn of 8 lea and not finer than 20 lea and finished linen fire hose of 30 per cent.

LINEN TOWELS, NAPKINS, AND CRASHES.

[Paragraphs 1004, 1009, and 1013.].

STATEMENT OF N. R. FOSTER, LOCKPORT, N. Y., REPRESENTING THE NIAGARA TEXTILE CO.

The CHAIRMAN. What is your occupation, Mr. Foster?

Mr. FOSTER. I am secretary-treasurer of the Niagara Textile Co.

The CHAIRMAN. You are located where?

Mr. FOSTER. Lockport, N. Y.

The CHAIRMAN. What product do you chiefly turn out?

Mr. FOSTER. We manufacture towels, napkins, etc., for home use, hotel use, railroad use, and for institutions, etc.

The CHAIRMAN. How many men do you employ?

Mr. FOSTER. We employ at the present time about 225, sir.

The CHAIRMAN. That is the maximum number?

Mr. FOSTER. No; it is under.

The CHAIRMAN. Will you proceed to state your views to the committee?

Mr. FOSTER. I have a very short statement.

Senator LA FOLLETTE. How much is that below normal?

Mr. FOSTER. It is pretty hard to say how much normal would be. We speeded up during the war on account of special conditions.

Senator LA FOLLETTE. How old an institution are you?

Mr. FOSTER. Twenty years.

Senator LA FOLLETTE. About how many men did you employ in 1913?

Mr. FOSTER. Probably 150 or 175.

The CHAIRMAN. Are you running on full time now?

Mr. FOSTER. We are running on a 50-hour schedule.

The CHAIRMAN. Have you a brief?

Mr. FOSTER. I have a very short brief that I would like to file. I would like to bring some points to your attention.

The CHAIRMAN. If you will file the brief and bring the attention of the committee to any matter particularly, it will receive careful consideration.

Mr. FOSTER. I shall be pleased to do that.

The CHAIRMAN. You may go on.

Mr. FOSTER. This regards Schedule 10 particularly, although we are interested in 9 as well. It covers paragraphs 1004, 1009, and 1013.

To give a concrete example of how the new rates on linen yarns would affect us, we cite 14s bleached weft yarn, assuming that the American valuation at the port of entry has been determined at 48 cents per pound, which is about to-day's price. The Fordney bill calls for the following in the way of duties: 8 cents plus 3 cents plus 5 cents, a total of 16 cents per pound, which is a 33⅓ per cent duty. However, if the price of this yarn receded to the prewar price of 20 cents per pound, the rate of duty under the Fordney bill would be 80 per cent.

What we believe would be for the best interests of the country is to give merchandise at a reasonable price, so that it will be used in large quantities and also produce as much revenue as possible. We believe that both the raw material, as we call it—that is, linen yarns—

and the woven fabric made from these yarns should be on the same basis; that is, ad valorem, not specific on one and ad valorem on the other.

Senator WATSON. What basis? What do you recommend?

Mr. FOSTER. We prefer to have an ad valorem duty, and not to have the yarns on one basis as a specific, as put in, and the finished product on the ad valorem basis.

Senator WATSON. An ad valorem duty of how much?

Mr. FOSTER. We want a differential of 25 per cent as between the gray yarn, the raw product, as we call it, and the finished product.

Senator LA FOLLETTE. You do not manufacture the yarns?

Mr. FOSTER. No, sir; we import the gray yarn. What we want is a reasonable protection, so that our mills can compete with foreign labor. We should have a differential of not less than 25 per cent. At the present time all linen towels and napkins are being brought into this country at very near the prices that we can make similar goods of part linen and part cotton for, and when Central Europe begins to have the benefit of cheaper cotton and cheaper flax many of the lines which we make will not be able to compete with these foreign articles and lines, and they will have to be discontinued as made in this country.

At present we are paying 20 per cent on linen yarn, our raw material—and I want to emphasize that—and under the Fordney bill we will pay a specific duty which on to-day's cost of yarns will mean a rate more than double the amount we paid before the war, and if costs go down to prewar prices, which no doubt they will, we will pay a specific duty of from 70 to 80 per cent or more, but at anywhere near these excessive rates linen yarn importations for manufacturing into household linen will have long since ceased to be imported.

Senator LA FOLLETTE. How does the rate fixed in the Fordney bill on your finished product compare with the rate which you had before the war?

Mr. FOSTER. The present rate under which we are acting now is 35 per cent for the finished article.

Under the proposed Fordney bill it reduces it to 28 per cent American valuation. Under the present rates we are getting on the raw material——

Senator LA FOLLETTE (interposing). What would it be in foreign valuation, in order to get a comparison?

Mr. FOSTER. I can not tell. That is impossible. Nobody knows what the American valuation will be.

Senator CALDER. Twenty-eight per cent American valuation would be over 50 per cent of the foreign valuation, would it not?

Mr. FOSTER. That is the talk generally; yes, sir. On the other hand, the gray yarn, the raw material, as we call it, commands a price of 20 per cent on foreign valuation. If we take it on the specific duty, as suggested in the Fordney bill, it will bring it to about 80 per cent.

Senator LA FOLLETTE. On the American valuation?

Mr. FOSTER. On any other valuation you want to put it on.

Senator CALDER. Under the present law it is an ad valorem?

Mr. FOSTER. Yes; on both yarn and the finished product.

Senator CALDER. Which way do you prefer to have it?

Mr. FOSTER. They should both be on the same basis. I am willing to have it either way for the Government to get the largest revenue.

Senator LA FOLLETTE. If I followed you, the Fordney bill raised the duty upon raw material four or five hundred per cent?

Mr. FOSTER. Yes.

Senator LA FOLLETTE. And only slightly more than doubled the duty on the finished product?

Mr. FOSTER. That is right, provided the American valuation is what Senator Calder said. We do not know. We approximate it. From what we can find out from importers, that 28 per cent, American valuation, will be approximately 50 per cent. That seems to be the case.

Senator LA FOLLETTE. Regarding your supply of raw material, how much of it did you import and how much of it did you obtain from domestic manufacturers?

Mr. FOSTER. Very little, sir, from domestic manufacturers. We have tried it, but, as a rule, it did not work.

Senator LA FOLLETTE. Is that because it is not comparable with the other?

Mr. FOSTER. Yes; the foreign article is very much superior. Some sizes of yarn are impossible to get at any price.

Senator MCLEAN. Where do you import from?

Mr. FOSTER. Great Britain—Belfast.

Senator MCLEAN. Where is the raw material grown?

Mr. FOSTER. Previous to the war 75 per cent came from Russia.

Senator SMOOT. Is our hemp as good as the Belfast hemp?

Mr. FOSTER. Hemp is a lower grade of flax away down the list.

Senator SMOOT. Is the flax as good in this country as that raised in Ireland?

Mr. FOSTER. We do not think so, sir. We have tried it without success. Sometimes we can use a little, but not as a rule.

Senator SIMMONS. Where is it raised?

Mr. FOSTER. Up through the Northwest—in Minnesota.

Senator SMOOT. And in the Dakotas?

Mr. FOSTER. And in the Dakotas.

Senator SIMMONS. Is the output increasing or diminishing?

Mr. FOSTER. I can not tell you, sir. If it is, it is of grades that would not be interesting to us. When you have linen on the table, you will find that the housewife wants pretty fine goods.

Senator SIMMONS. Do you say that the fine material is not produced in this country at all?

Mr. FOSTER. No, sir; we have to import it. If you take the fine towels found in the hotels—and there is a large quantity of them in this country—you will find them made of very fine linen.

Senator WATSON. In the Northwest they raise a good grade, do they not?

Mr. FOSTER. I would not want to answer that.

Senator SIMMONS. As I understand you, you do not think there is any industry in this country that should be protected. I mean by that an industry producing this flax.

Mr. FOSTER. Well, there are some growers of flax and some spinners in this country——

Senator SIMMONS. If you do not use their product somebody else does use their product.

Mr. FOSTER. It is used for some other purpose, but not for fabric. It is used for twine, fishing tackle, and articles of that kind.

Senator MCLEAN. Isn't the superiority of the finished product due to the superior process of manufacture?

Mr. FOSTER. Partially, and partially on account of the raw material which goes into it.

May I just repeat what I said a moment ago?

Senator LA FOLLETTE. Did you appear before the Ways and Means Committee of the House?

Mr. FOSTER. No, sir. I wrote and asked for a hearing, but we did not have a chance to appear. That was last February or March. Is that what you have reference to?

Senator LA FOLLETTE. I was speculating in my own mind for the reason for there being such a very large increase in the Fordney bill on these yarns. I will ask you if you know whether that large increase was granted to these large manufacturers because they contended that the duty was not sufficient to enable them to build up an industry in this country?

Mr. FOSTER. I was not there. We asked for a hearing. We did not get any response at the time it was put on. In fact, we knew nothing about it until it was all over.

The CHAIRMAN. Did any of the other industries have a hearing?

Mr. FOSTER. I do not know, sir.

Senator CALDER. Did any of the yarn interests have a hearing?

Mr. FOSTER. I imagine they did.

Senator CALDER. Where are these yarns manufactured?

Mr. FOSTER. That we import?

Senator CALDER. The yarns that are made here.

Mr. FOSTER. Up East is a factory, and there is one out West.

Senator SUTHERLAND. What is the defect in the yarn?

Mr. FOSTER. When American flax is spun it has not the quality of imported yarns. American flax is such that it does not permit of spinning a uniform quality of yarn.

Senator SUTHERLAND. You think that is inherent in the flax itself and not in the way it is prepared?

Mr. FOSTER. I think it is in part both. The proposition is that whatever you gentlemen think is wise to put on in the way of a tariff on one article, we should have a differential between the raw material, as we call it, or the linen yarn, and the finished product. If we can have a differential there we can increase the business, and instead of having mills closed down, as they are at present, we can build up an industry on a suitable article, a necessity in every man's home, as well as in hotels, institutions, and so on.

Senator LA FOLLETTE. How long have you been engaged in this business, Mr. Foster?

Mr. FOSTER. This particular business was reorganized about a year and a half ago. I have been in the business some seven years. I was in the silk business before that and saw the tariff put on silk that put the silk business on its feet.

Senator LA FOLLETTE. I have been trying to recall since you have been speaking the effort made to establish the industry in this country. I know that some effort was made to establish the industry,

the manufacture of these yarns in this country, at the time the McKinley tariff bill was made.

Mr. FOSTER. That was in 1897?

Senator LA FOLLETTE. In 1890.

Mr. FOSTER. I am sorry, sir; but I can not help you.

Senator LA FOLLETTE. I happened to be a member of the committee at that time. I recall distinctly that quite a study was made by the McKinley committee of the flax industry in this country with a view to building up the manufacture of these yarns all over the country. Of course, whatever duty was fixed in the McKinley bill at that time went by the boards when the bill was repealed.

Senator SIMMONS. Senator La Follette, here are some data about that from the summary of the tariff for the year 1920. In 1914 in the United States 1,000 acres were devoted to flax-fiber production and 1,645,000 to flaxseed; in 1917, 3,800 acres to flax fiber, and 1,809,000 to flaxseed. So that from 1914 to 1917 the number of acres devoted to flax-fiber production increased from 1,000 to 3,800 acres.

Senator LA FOLLETTE. In what period of time?

Senator SIMMONS. Between 1914 and 1917. So that it would look like the industry, though small, was being gradually or rather rapidly developed in those three years.

Senator LA FOLLETTE. If my memory is not at fault, there was a manufacturer of linen fabric, a Mr. Turner, of Massachusetts, who appeared before the Ways and Means Committee. Indeed, he was here some weeks, and he was very much interested in the establishment of the entire and complete industry in this country. It was his contention that we could produce a flax; that the climatic conditions and all other conditions in the northern States in the neighborhood of the Great Lakes were suitable for that industry.

Senator SIMMONS. If you will permit me, it may be helpful in this connection to read the importations for 1914 and 1918.

The quotations show that during 1914 the importation of flax straw amounted to 220 tons, valued at $9,659; in 1918, 85 tons, valued at $9,577.

Tow of flax, 1914, 1,322 tons, valued at $264,303; 1918, 1,181 tons, valued at $683,889.

Flax noils, 1914, 96 tons, valued at $8,388, as against 162 tons in 1919, valued at $23,544.

Unhackled flax, 1914, 6,056 tons, valued at $1,497,660; in 1918, 3,131 tons, valued at $3,180,368.

Hackled flax, 1914, 2,590 tons, valued at $1,242,129; 1918, 1,082 tons, valued at $1,924,096.

Those figures show that in that period the importations of these flax fibers do not seem to have been very great.

Mr. FOSTER. During the war we could not get anything, sir.

Senator SIMMONS. That was 1914 to 1918.

Mr. FOSTER. Yes; during the war we could not get anything.

Senator MCLEAN. How do the prices of the finished product to-day compare with the prices of the product previous to the war?

Mr. FOSTER. I would say not quite double.

Senator MCLEAN. They have been reduced, have they?

Mr. FOSTER. Oh, my, yes; they have been cut in half.

There are about 12 factories, offhand—it may be 12 or 14—that manufacture goods similar to ours. Some are closed down entirely, some are running part time, and some are in the hands of banking institutions.

Senator SIMMONS. You said you could not get this during the war. Why not?

Mr. FOSTER. I said a few minutes ago that 75 per cent of the flax came out of Russia. That closes the doors there. Great quantities of flax were used in airplane cloth on the other side.

Senator SIMMONS. Austria, the United Kingdom, Belgium, and France were the chief producers of flax fiber. The best qualities came from Belgium and northern Ireland.

Mr. FOSTER. Yes.

Senator SIMMONS. You use the best qualities, do you?

Mr. FOSTER. We endeavor to.

Senator SIMMONS. There was little trouble about importations from our allies during the war, was there not?

Mr. FOSTER. I did not catch your question.

Senator SIMMONS. I say there was very little difficulty about obtaining imports from our allies during the war?

Mr. FOSTER. Whenever they had the goods we could get them. At the present time we pay 20 per cent on linen yarns, our raw material, and under the Fordney bill we will pay a specific duty which on to-day's cost of yarns will mean a rate more than double the amount we paid before the war, and if costs go down to prewar prices, which no doubt they will, we will pay a specific duty of 70 per cent to 80 per cent or more; but anywhere near these excessive rates, linen yarn importations for manufacturing into household linen will have long ceased to be imported.

If the Fordney bill is to become a law, we would suggest, inasmuch as this bill gives linen cloth a reduction from 35 per cent ad valorem to 28 per cent ad valorem, that linen yarns should be taken care of in a like manner and be protected from taking an excessive rate of duty when linen yarns are at a low price. You see, the lower the price the raw material gets on account of the specific duty the higher the rates of duty.

We would respectfully request that the following clause be added to the linen schedule:

"That all flax or tow yarns imported to be woven into fabrics take not over 15 per cent ad valorem, and on any of the foregoing yarns when boiled, bleached, or otherwise treated an additional 5 cents per pound be added."

Just one further point, Mr. Chairman, and I shall not take up your time any further. I wish to refer now to Schedule 9, paragraph 911. Towels containing linen up to 49 per cent value with cotton 51 per cent chief value come in at 20 per cent ad valorem. This clause permits of shipment giving us competition from Europe which can not be met. We respectfully suggest that towels containing linen come in under Schedule 10, or containing less than 33⅓ per cent come in under Schedule 9.

Again, what we ask is a differential of 25 per cent as between the raw material and the finished product. If you give a duty to protect domestic yarn, give us 25 per cent—a differential—and put the

finished product 25 per cent higher than the duty which you charge on the gray yarn.

The CHAIRMAN. Is there anything else, Mr. Foster?

Mr. FOSTER. No. I thank you.

BRIEF OF A. R. FOSTER, REPRESENTING THE NIAGARA TEXTILE CO.

We are manufacturers of union towels, crashes, and napkins as used in our homes, hotels, railroads, steamships, and institutions. Union meaning made of part linen and part cotton. We also make all linen towels, crashes, and napkins.

Under the proposed Fordney bill the flax grower and the linen-yarn spinner will have liberal and increased protection, while the fabric manufacturer who has to use as his raw material this flax and yarn is given not an increase in protection but a decrease. What would be gained by building up this flax and yarn business if when put into cloth there is no market for the American-made fabric? This is exactly the situation confronting us. The rate on the finished fabric is being reduced from 35 to 28 per cent ad valorem, and linen yarns are being raised from 20 per cent, the present rate, to 40 per cent up to 80 per cent or more. Our raw material is linen yarn, and we must have this at a lower rate, or else an increased protection on the finished linen fabrics. The differential should be at least 25 per cent.

To give a concrete example of how the new rate on linen yarns would affect us we cite 14s bleached weft yarn, assuming that the American valuation at the port of entry has been determined at 48 cents per pound, which is about to-day's price. The Fordney bill calls for the following in the way of duties: 8 cents plus 3 cents, plus 5 cents, a total of 16 cents per pound, which is a 33⅓ per cent duty. However, if the price of this yarn receded to the prewar price of 20 cents per pound the rate of duty under the Fordney bill would be 80 per cent.

During the war all of the American mills weaving linen cloth made at least 90 per cent of their product for the Government and in addition to this the War Department was dependent upon foreign countries for large quantities of linen fabrics. Under the present tariff the American manufacturer of household linens is losing out as can be shown by the number of mills that have gone into bankruptcy or out of business during the past five years. Linen manufacturing is probably America's most infant industry. Given a helpful tariff it can be made one of our greatest. There are imported about $50,000,000 worth of household linen annually of which the majority can eventually be made here as well as consumed here, and it does not take any stretch of the imagination to see what a great increase could be made in the number of men and women employed at a favorable occupation and at good wages if America would protect and build up her linen industry as she has her iron, steel, silk, and other strong and thriving industries.

What we believe would be for the best interests of the country is to give merchandise at a reasonable price so that it will be used in large quantities and also produce as much revenue as possible. We believe that both the raw material, as we call it, that is linen yarns and the woven fabric made from these yarns should both be on the same basis, that is duties ad valorem, not specific on one and ad valorem on the other. What we want is a reasonable protection so that our mills can compete with foreign labor. We should have a differential of not less than 25 per cent. At the present time all linen towels and napkins are being brought into this country at very near the prices that we can make similar goods of part linen and part cotton, and when Central Europe begins to have the benefit of cheaper cotton and cheaper flax many of the lines which we make we shall not be able to compete with these foreign articles and lines will have to be discontinued as made in this country.

At present we are paying 20 per cent on linen yarn, our raw material, and under the Fordney bill we will pay a specific duty which on to-day's cost of yarns will mean a rate more than double the amount we paid before the war, and if costs go down to prewar prices, which no doubt they will, we will pay a specific duty of 70 per cent to 80 per cent or more, but at anywhere near these excessive rates linen yarn importations for manufacturing into household linen will have long since ceased to be imported.

If the Fordney bill is to become a law, we would suggest, inasmuch as this bill gives linen cloth a reduction from 35 per cent ad valorem to 28 per cent ad valorem, that linen yarns should be taken care of in a like manner and protect them from taking an excessive rate of duty when linen yarns are at a low price.

We would respectfully request that the following clause be added to the linen schedule, "that all flax or tow yarns imported to be woven into fabrics take not over 15 per cent ad valorem, and on any of the foregoing yarns when boiled, bleached, or otherwise treated an additional 5 cents per pound be added."

Linen yarn spinning in America is very restricted, and good yarns of the right character are not yet produced in sufficient quantity to supply the American looms equipped to weave linen fabric; consequently it is of paramount importance to protect the fabric manufacturer so he can keep his looms running, otherwise there will be no possible demand for such linen yarn as can be produced here.

	Size of yarn bleached.							
	18	18	18	18	18	12	12	12
Price of yarn	$0.80	$0.60	$0.40	$0.30	$0.24	$0.80	$0.60	$0.40
Paragraph 1004:								
Add 8 cents per pound	.08	.08	.08	.08	.08	.08	.08	.08
Add ⅛ of each cent difference number less 8	.05	.05	.05	.05	.05	.03	.03	.03
Add 5 cents for bleaching	.05	.05	.05	.05	.05	.05	.05	.05
Price after adding duty	.98	.78	.58	.48	.42	.96	.76	.56
Percentage rate of duty	.225	.30	.45	.60	.75	.20	.26⅔	.40

	Size of yarn bleached.						
	12	12	10	10	10	10	10
Price of yarn	$0.30	$0.24	$0.80	$0.60	$0.40	$0.30	$0.24
Paragraph 1004:							
Add 8 cents per pound	.08	.08	.08	.08	.08	.08	.08
Add ⅛ of each cent difference number less 8	.03	.03	.01	.01	.01	.01	.01
Add 5 cents for bleaching	.05	.05	.05	.05	.05	.05	.05
Price after adding duty	.46	.40	.94	.74	.54	.44	.38
Percentage rate of duty	.53⅓	.66⅔	.17½	.23½	.36½	.46⅔	.58⅓

The last line shows what percentage of the purchase price the duty, as proposed by the Fordney bill, would be. You will notice as yarn prices approach the lower and normal prewar values, which we will no doubt have in another 12 or 18 months, that the rate of duty increases to a prohibitive point.

Schedule 9, paragraph 911: Towels containing linen up to 49 per cent value, with cotton 51 per cent chief value, come in at 20 per cent ad valorem. This clause permits of shipment giving us competition from Europe which can not be met. We respectfully suggest that towels containing linen come in under Schedule 10, or containing less than 33⅓ per cent come in under Schedule 9.

STATEMENT OF H. L. RANSOM, LOCKPORT, N. Y., REPRESENTING THE NIAGARA TEXTILE CO.

The CHAIRMAN. Do you speak on the same matters that Mr. Foster has addressed himself to?

Mr. RANSOM. I am Mr. Foster's partner.

The CHAIRMAN. Then you will not want to be heard, will you?

Mr. RANSOM. I simply want to clear up one point to which Senator La Follette referred, if I am permitted to do so. We are particularly interested in seeing flax, American flax, grown and the industry meet with success. We should like to see the yarns produced here, but our experience in growing flax heretofore—I have been in business 21 years and I have followed the matter very closely—is that while there has been some progress made we have not gone far enough into it to get the right quality for our needs.

Unless we can keep our heads up and keep the American manufacturer protected so he can keep the looms going and consume a good quantity of linen yarn, there will be no need to grow the flax or spin the yarn, as there will be no market in America for these yarns.

CORDAGE AND ROPE.

[Paragraph 1005.]

STATEMENT OF FRANCIS C. HOLMES, NORTH PLYMOUTH, MASS., REPRESENTING THE PLYMOUTH CORDAGE CO.

Senator McCUMBER. Will you proceed with your statement?

Mr. HOLMES. Mr. Heidrich is unavoidably absent, and I have been requested by some of my associates in the cordage industry to present this brief with the request that it be printed in the record, and the manufacturers are quite content to let their cause stand before your committee in that way.

Senator McCUMBER. Very well.

Senator DILLINGHAM. What paragraphs are you interested in?

Mr. HOLMES. Paragraph 1005.

Senator McCUMBER. Your brief will be inserted in the record as requested.

(The brief referred to is as follows:)

We herewith beg to submit copy of the identical brief which was submitted to the Ways and Means Committee in January of this year. What was stated in that brief was the combined opinion of practically all the cordage manufacturers in this country, and the same conditions exist to-day.

This paragraph 1005, H. R. 7456, now reads as follows:

"PAR. 1005. Cordage, including cables, tarred or untarred, wholly or in chief value of manila, sisal, or other hard fibers, three-fourths of 1 cent per pound; cordage, including cables, tarred or untarred, wholly or in chief value of hemp, sunn, or other bast fibers, but not including cordage made of jute, 2 cents per pound."

The proposed three-fourth cent per pound protection in H. R. 7456 is inadequate.

Additional proof is herein offered that our request for a protection of 2½ cents per pound is not excessive.

Figures obtained from the United States Bureau of Foreign and Domestic Commerce for the first nine months of 1921 show the following imports of cordage into the United States:

Imports, January to September (inclusive), 1921.

	Quantity.	Value.	Price per pound.
From Philippines	1,030,062	$113,485	$0.1101
From all other foreign countries, not including Cuba	538,413	69,651	.1209

Cost of manufacture in United States, January to September (inclusive), 1921.

Fiber [1]	cents per pound	8.71
Manufacture and selling [2]	do	6.50
Total cost	do	15.21

COMPARISON.

United States costs	15.21	United States costs	15.21
Philippine declared value	11.01	Foreign declared value	12.09
Difference	4.20	Difference	3.12

[1] Obtained from Cordage Trade Journal quotations on grades of fiber required by United States Bureau of Standard's specifications. These fiber quotations are prices that fiber could be purchased for during January to September, 1921, but are at least many cents under costs of fiber converted into cordage during this period.

[2] Average obtained from a number of manufacturers in the United States.

H. R. 7456 does not provide for a protective tariff on Philippine-made cordage, as requested in the brief hereinbefore mentioned. During the first nine months of 1921, 20.8 per cent more hard-fiber cordage was imported into the United States from the Philippine Islands than was imported during the entire 12 months of 1920. During this same period the cordage sales of United States manufacturers were at least 33⅓ per cent less than normal. Imports of hard-fiber cordage from the Philippines have grown from 280 pounds in 1909 to 1,030,062 pounds (January to September, inclusive) in 1921. Figures taken from Bureau of Foreign and Domestic Commerce reports.

Brief of the Cordage Manufacturers Presented to the Ways and Means Committee of the House.

I. INTRODUCTION.

The manufacturers of cordage in the United States, whose names appear at the end of this brief, herein respectfully present their views and submit suggestions for your consideration relative to a tariff on cordage and the fibers entering into the manufacture thereof.

We are interested in the following paragraphs of the tariff act of 1913: 268, covering our manufactured products; 485 and 497, covering our raw materials.

The term "cordage," as used in this brief, is confined to hard fiber cordage, made principally of manila (abaca), sisal, istle, New Zealand, Java, and African, etc., not including binder twine, also hemp rope and cordage made of bast fibers, but not including products of flax and jute.

All of the raw materials are now on the free list and should remain there.

The manufacture of cordage is one of the essential industries of the United States. The product is indispensable in the equipment of shipping, which in turn is vital to the Nation in time of war and of recognized importance in time of peace. It is in universal use throughout the agricultural, industrial, and every day life of the United States. It is highly desirable that the cordage requirements of our country should be supplied by American manufacturers, entirely independent of foreign producers, but proper tariff protection is required for this purpose.

There are about 15 manufacturers of cordage in the United States, all independent, with no combination. They produce approximately 250,000,000 pounds of rope per annum. Total employees, about 8,200.

II. NEED FOR PROTECTION.

1. American labor costs are higher than foreign and should continue so.

For example, the average hourly wage of common labor in the cordage industry in the United States is fully double that in England. (See Table I.) The rates paid in other countries would show a still greater difference in favor of the American wage. This higher wage of the American worker unquestionably defrays the cost of higher living standards. The only alternative to a reduction of this living standard, if the competition of cheaper foreign labor is to be successfully met, is an adequate duty on cordage.

2. Severe foreign competition, using cheap labor, threatens the business of American cordage manufacturers.

It is recognized that Europe's production generally will greatly increase in the next few years, with constantly swelling exports. The struggle for the world's markets, including the American, will be keen. This can reasonably be expected in the cordage industry. Significant developments have already transpired. Before the war not one foreign cordage manufacturer had an American branch. Two (one British and one Dutch) have opened branches in New York City since the armistice. Quotations from these manufacturers have been 2 to 4 cents below the American market. In past years the American industry has not suffered seriously from foreign competition. Present indications are of severe competition.

III. INADEQUACY OF THE PRESENT TARIFF.

1. At present the tariff protection afforded cordage is one-half cent per pound on cordage of manila and other hard fibers and 1 cent per pound on cordage of hemp.

These are the lowest duties ever levied on cordage throughout the entire tariff history of the United States. The unusually severe potential foreign competition, absent in 1909 (when American manufacturers received protection of three-fourths

cent per pound on cordage of manila and other hard fibers and 2 cents per pound on hemp cordage), but existing now, are persuasive for a substantial duty.

2. In 1909 cordage of manila fiber received protection equivalent to 13.6 per cent ad valorem. The tariff of 1909 imposed a duty of three-fourths cent per pound upon cordage of manila fiber. Further, American manufacturers received a rebate from the Philippine Government of the export duty on raw manila fiber amounting to three-eighths cent per pound. The aggregate protection therefore was 1⅛ cents per pound, the Philippines being the sole source of supply of manila fiber (abaca), the principal component of cordage. This protection of 1⅛ cents per pound was on the then price of 8¼ cents per pound, or approximately 13.6 per cent ad valorem.

3. Upon representations that the refund of the three-eights cent export duty was working injury to the Philippines, the American cordage manufacturers voluntarily relinquished it, and it was accordingly canceled. The tariff of 1913 reduced the duty on cordage of manila fiber to one-half cent per pound. The American manufacturers' protection was thus out five-eighths cent per pound. Furthermore, the price of cordage of manila fiber in 1913 was 14 cents per pound, so that the one-half cent duty was equivalent to only 3.64 per cent ad valorem. The immediate result of this action was the appearance of English cordage in New York Harbor at prices materially below the American market. The war in 1914 temporarily eliminated foreign competition.

4. French, Canadian, German, and Australian tariffs on cordage are all substantially higher than our own.[1] France levies a duty of 1¾ cents to 2.29 cents per pound on cordage. The Canadian duty is 25 per cent ad valorem. Germany's tariff is more than double ours. Australia has a tariff of 40 per cent ad valorem on cordage. England and Holland admit cordage free of duty.

IV. PROVISIONS RECOMMENDED.

1. Cordage should carry a duty of 2½ cents per pound if the American industry is to be adequately protected. Prior to 1913 a protection equivalent to 13.6 per cent ad valorem on cordage of manila and other hard fibers was sufficient under the circumstances then existing. Conditions have changed materially. As wages throughout the world per unit of production are more than double what they were prior to 1913, it is obvious that the amount of specific protection required to-day is more than double the amount necessary prior to 1913. The production of cordage, a national asset to be conserved, is threatened with foreign competition which, unless all signs fail, will be more severe than has ever before been experienced in the history of the American industry. The tariffs on cordage in Canada, Germany, France, and Australia are all substantially higher than our own. A protection of 2½ cents per pound which is requested is equivalent to only 13.15 per cent ad valorem on to-day's market of cordage of manila fiber.

V. BENEFICIAL RESULTS OF PROPOSED TARIFF.

1. An ample supply of cordage, a product indispensable to industry, shipping, and agriculture.
2. The continuance of the present standard of American labor.
3. The safe-guarding of the large investments of American capital in cordage manufacture.
4. Protection afforded American-grown hemp and American tar industry.

It is respectfully urged that the proposed new tariff levy a duty of 2½ cents per pound on cordage.

PHILIPPINE COMPETITION.

I. NEED FOR PROTECTION.

The reasons advanced in the foregoing pages apply with equal force to the growing imports of Philippine-made cordage, which at present is admitted duty free.[2] Prior to 1917 practically none of this product was imported into the United States. In 1919 1,119,861 pounds[3] of hard-fiber cordage and 233,183 pounds[4] of hemp cordage came in at prices 3 to 5 cents below the American market.

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[1] Figures from Department of Commerce; exchange calculated at normal.
[2] Sec. 5294 U. S. Comp. St.
[3] Department of Commerce Reports on imports entered for consumption, 1919, p. 477.
[4] Letter of Nov. 18, 1920, from Bureau of Insular Affairs to Institute.

In addition to private manufacturers now operating and about to operate, the insular government has under way plans for the manufacture of cordage by convict labor, the importation of which into the United States is not prohibited.

Common cordage laborers, male, receive 75 cents per day in the Philippines and an average of 46 to 55 cents per hour in the United States. Female workers receive 40 cents per day in the Philippines and an average of 28 to 45 cents per hour in the United States. Much of the Philippine labor is Chinese. Philippine manufacturers pay but nominal taxes as compared with the heavy taxes paid by American manufacturers.

The purpose to develop and further Philippine commerce is commendable; but it is subordinate to the welfare of American commerce, employing American labor and capital, and paying American taxes.

II. PROVISIONS RECOMMENDED.

1. Duty of 2½ cents per pound on all Philippine-made cordage. The conditions described under 1 clearly indicate the need for protection fully equal to that from foreign competition. Such protection will tend to equalize the wide difference in costs and in taxes of American and Philippine manufacturers.

2. All imports of convict-made goods into the United States should be prohibited. The competition of the product of prison labor with that of free American labor is repugnant to fundamental American principles. Philippine prison labor is no exception to this rule. Section 5304 United States Compiled Statutes should be amended accordingly.

(Submitted by: American Manufacturing Co.; Columbian Rope Co.; Cupples Cordage Co. (Inc.); Edwin H. Fitler Co.; The Hooven & Allison Co.; R. A. Kelly Co.; New Bedford Cordage Co.; Peoria Cordage Co.; Plymouth Cordage Co.; Rinek Cordage Co.; E. T. Rugg & Co.; Tubbs Cordage Co.; Wall Rope Works (Inc.); Waterbury Co.; Whitlock Cordage Co.)

Comparison of rates per hour paid for common labor (men) employed in the cordage industries, United States and England.

Classification.	United States.[1]	England.[2]
Openers	$0.5572	$0.3021
Preparing	.4834	.2982
Spinners	.4336	.1457
Oilers	.4981	.2620
Machine operators	.5109	.2801
Usual number of employees for each kind of work, average wage per hour	.49744	.25383

[1] Averages obtained from reports of 6 manufacturers in the United States.
[2] From Labor Gazette, August, 1920, pp. 462-463. Exchange figures at the present rate of $3.88 pound sterling.

United States wages are practically double British wages. Cost for United States manufacturers exclusive of cost for fiber, profit and excess profits taxes, 6 cents per pound. All costs of business in United States are practically double the costs in England, depending directly on difference in labor.

United States total cost	cents per pound	6
British total cost	do	3
Difference	do	3

We ask protection for United States manufacturers of 2½ cents per pound.

BURLAP AND BURLAP BAGS.

[Paragraphs 1008, 1009, 1017, and 1019.]

STATEMENT OF J. F. SIMPSON, NEW ORLEANS, LA., REPRESENTING MAGINNIS COTTON MILLS.

Mr. SIMPSON. Gentlemen, I am only going to take a minute to submit a brief and to say that I am up here in the interest of a matter of a duty on burlap. We are manufacturers of cotton bagging. There are a great many uses to which cotton bagging can be put with

some protection in the way of a duty on burlap. Cotton bags are used extensively and have been for the last two years in the cement industry. Recently we have had the consolidated railroad classification permission to adopt a single cotton bag to be used per hundred pounds capacity for sugar, which has been tried and proven to be of value, equal in strength, in competition with the bag now in use—outside burlap and inside cotton lining. We can produce that bag to-day for a little less money than the double bag will cost the consumer, and with the duty on burlap, which will afford some protection.

Senator SMOOT. What do you want?

Mr. SIMPSON. I would ask for a cent a pound and 25 per cent ad valorem.

Senator SMOOT. Instead of 17?

Mr. SIMPSON. Yes, sir.

Senator McCUMBER. A cent a pound specific and 25 per cent ad valorem?

Mr. SIMPSON. Yes, sir.

Senator McCUMBER. A cent a pound would be how much ad valorem?

Mr. SIMPSON. I have not figured that out. There is only one thing I want to add, if you will give me a minute, and that is the fact that the cotton business, and particularly the cotton farmer, has been burdened for the past years by hundreds of thousands—in fact, I think it will amount to 2,000,000 or 3,000,000—of bales of considerably lower grade cotton than this country has been accustomed to spinning. It has been only in recent years that machinery has been adapted and perfected at a good deal of cost that will permit the utilization of this cotton for the particular purpose I am so much in favor of advocating for packing use.

Senator SMOOT. These lower grade cottons?

Mr. SIMPSON. These lower grade cottons, which have been a drug on the market, and a weight, you might say, on the better grades.

Senator SIMMONS. Have you used them at all in the making of your bags?

Mr. SIMPSON. We are making some cotton bags for cement and also sugar at the moment.

Senator SIMMONS. Have you used this low-grade cotton to any extent in the manufacture of those bags?

Mr. SIMPSON. Yes, sir.

Senator SIMMONS. Sufficient to justify you in your belief that they can be used for that purpose?

Mr. SIMPSON. It is a proven fact. The cement industry have been using cotton bags for several years, and it is a much more satisfactory package.

Senator SIMMONS. What I had directed your attention to was whether you were satisfied that this low-grade cotton would be suitable as the material out of which those bags were made?

Mr. SIMPSON. Thoroughly satisfied.

Senator SIMMONS. Are you using that low-grade cotton satisfactorily?

Mr. SIMPSON. Yes, sir.

Senator SIMMONS. You are not using the high grade at all?

Mr. SIMPSON. No, sir; we could not afford it.

Senator SIMMONS. As a matter of curiosity, I would like to ask the witness: Could you tell us how many bales of cotton have been used in this way?

Mr. SIMPSON. I can only speak for ourselves. We have a consumption of between 20,000 and 24,000 bales a year in a 40,000-spindle mill.

BRIEF OF J. F. SIMPSON, REPRESENTING THE MAGINNIS COTTON MILLS, NEW ORLEANS, LA.

I am appearing before you in the matter of duty on burlap, which is a textile made from jute, and jute is an almost exclusive East India product. The annual imports of burlap are about 900,000,000 yards.

There is at present no duty on burlap. The consumption of burlap is mainly for wrapping of bales and for the manufacture of bags.

In both cases the cost of individual package falls upon the consumer, but it is so very widespread that any duty would not be any great hardship to anyone. Therefore, as a source of revenue a duty on burlap is one that is ideal in its purpose and equity.

However, as a matter of protection to American industry, the actual indisputable facts are these. In every normal cotton crop there is invariably a large proportion of low-grade cotton. This cotton is made low grade by rain, snow, or winds, particularly during the late fall months and during the picking season. Prior to the war Europe, particularly Germany and Austria, were large consumers of these low-grade cottons and at discounts in price that were indeed very severe to the grower. Within the past two or three years American cotton mills have solved the usage of this cotton by installation of very expensive machinery, and it has now been absolutely demonstrated that bags, twine, and rope can be made therefrom in strength and service satisfactory to the consumer.

However, such bags are competitive with burlap bags. Such twine and rope are competitive with raw jute and sisal. To-day a heavy cotton bag can be made for 100 pounds of sugar in competition with a burlap bag with a cotton liner. This is, however, because the accumulation of low-grade cottons has depressed the price to some 500 points, or 5 cents, a pound below the current price of middling cotton. Heavy cotton osnaburg bags are used by the millions for cement; however, heavy inroads have been made on this trade by jute bags.

At the present time burlap is at a normal price. Low-grade cottons are below the cost of production. With every fair and reasonable comparison of values in past records of burlap and cotton, it is beyond question that, with a duty of 1 cent per pound and 25 per cent ad valorem on burlap and a duty of 40 per cent on raw jute, hundreds of thousands of bales of low-grade cottons can be profitably converted into bags, rope, and twines by the cotton mills of this country and satisfactory to the consumer. It is the weight of number of bales of low-grade cottons in the annual carry over that depresses all grades of cotton. To stabilize to a reasonable value low-grade cottons would be the greatest possible benefit to the cotton grower. His prosperity or his adversities are keenly felt by all manufacturers of this country. His purchasing power depends on his money crop, which he can market but one time in the year, and that is cotton. Once the cotton bag made from low-grade cotton is established, its uses will rapidly spread for shipment of sugar, rice, beans, salt, cement, flour, and many other commodities. Nothing will be more helpful toward this end than a duty on burlap and jute.

There should be a duty on foreign-made bags of at least 20 per cent more than on burlap.

A duty on raw jute has not heretofore been advocated, because 50 per cent of the imports of raw jute went into the manufacture of bagging for covering cotton. It has also followed that no duty should be put on imported bagging for covering cotton. The American manufacturers of bagging for covering of cotton have recently established large mills in India for the manufacture of this bagging, simply because, notwithstanding free jute, American mills could not compete with the India mills in the cost of production. This same condition also applies to the comparison of wages paid by the American cotton mills and that paid by the jute mills in India. This comparison is laid before you to emphasize the fact that if American cotton mills in the consumption of low-grade cotton are to compete with burlap a reasonable consideration must also be given to the standard of living that we hope for for the American wage earner.

STATEMENT OF GRAY SILVER, WASHINGTON, D. C., REPRESENTING AMERICAN FARM BUREAU FEDERATION.

Burlap is almost impossible of manufacture in this country. Manufacturers themselves state that duty on burlap would be for revenue only and that it would require a very high tariff to build up a burlap manufacturing industry in this country.

"Burlap, now free, can not be produced in this country in competition with cheap East Indian labor, except under a prohibitive tariff, which would affect the farming interests adversely." (Tariff Summary, p. 439.)

"The domestic production of burlap is small. There are two State prisons on the Pacific coast which import raw jute, manufacture burlap, and make bags, and a large concern in the East which makes the burlap used in packing its own product." (Tariff Information Surveys, p. 15.)

Imports of burlap.

	Pounds.	Value.
1905-1909	317,136,742	$21,399,161
1910-1914	421,383,181	29,420,977
1915-1919	415,483,840	48,331,193
1920	541,113,614	88,020,057

More than 80 per cent is used in manufacture of bags.

Jute and jute butts are on the free list as a raw material not produced in this country and not competing with any product grown in this country. Burlap should be free because of the extremely high duties that would be necessary to foster American weaving. At present there is commercially no domestic production of burlap. The imposition of a duty would put a heavy burden upon agriculture and upon other industries using this material and would not build up an American industry unless the duty was so high as to be exorbitant. Natural advantage plus cheap labor is too great an obstacle to allow of American manufacture.

With the exception of grain bags imported to the Pacific coast at the rate of 33,000,000 per year, foreign competition in jute bags is negligible. These grain bags are made to hold 100 pounds of wheat and are called centals. The annual consumption is about 48,000,000, of which 15,000,000 are of domestic manufacture and balance imported from India.

Outside of the importation of centals the domestic manufacture of jute bags has entire control of the market. The annual consumption of new jute bags is from 300,000,000 to 350,000,000. India with cheap raw material at hand and abundant cheap labor can lay down centals, even with a duty of 10 per cent, on the Pacific coast cheaper than we can produce them. This is largely because centals are unprinted, standard, and used in large quantities.

Since centals for the western cereal-producing section will continue to be imported, as they have in the past, regardless of duty, we believe that any increase in the duty on burlap bags is an unnecessary burden upon these western producers. It would be better to place these bags on the free list.

STATEMENT OF FRANK EWER, BOSTON, MASS., REPRESENTING THE BEMIS BRO. BAG CO.

Mr. EWER. My name is Frank Ewer; I am from Boston, Mass., and am representing the Bemis Bro. Bag Co.

The CHAIRMAN. What is your occupation?

Mr. EWER. I am treasurer of the Bemis Bro. Bag Co.

The CHAIRMAN. There is on the list the name of Mr. Duane Hall, representing the same company.

Mr. EWER. That is a mistake. Mr. Hall is secretary of the Chase Bag Co. and Burlap Bag Manufacturers' Tariff Committee.

The CHAIRMAN. Do you and he speak on the same subject?

Mr. EWER. I think that he allows me to speak for him.

The CHAIRMAN. You speak for him also?

Mr. EWER. Yes, sir.

The CHAIRMAN. Then it will not be necessary to call on Mr. Duane Hall?

Mr. EWER. No, sir.

The CHAIRMAN. Are there any other members of the industry that you are particularly to speak for who are here this afternoon and want to be heard?

Mr. EWER. No, sir.

The CHAIRMAN. All right. Will you go ahead, Mr. Ewer?

Mr. EWER. We are chiefly interested in paragraphs 1008, 1009, 1017, and 1019 of the Fordney bill. In that connection, supplementing our previous communication on this subject, we beg leave to respectfully recommend the following:

Paragraph 1008—we suggest that this read as follows:

Fabrics, composed wholly of jute, plain woven, twilled, and all other, not specially provided for, not bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 1 cent per pound; bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 1 cent per pound, and in addition thereto 20 per centum ad valorem.

The only difference is at the end, where there is an additional 7 per cent over the rate provided in the Fordney bill.

Paragraph 1017—we suggest that this read as follows:

Bags or sacks made from plain woven fabrics of single jute yarns or from twilled or other fabric composed wholly of jute, not bleached, printed, stenciled, painted, dyed, colored, nor rendered noninflammable, 1 cent per pound. and in addition thereto, 20 per centum ad valorem; if bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 1 cent per pound, and in addition thereto, 33 per centum ad valorem.

Paragraphs 1009 and 1019—we recommend that a 10 per cent ad valorem differential in duty be maintained for the so-called "basket clause," woven fabrics and articles made wholly of jute or of which jute is a component material of chief value.

We particularly call attention to the wording of paragraph 1017, which will bring this paragraph into harmony with the similar paragraphs in the tariffs of 1909, 1913, and older tariffs.

If you desire our reasons for the above recommendations more in detail we will be very pleased to submit the same.

Under the previous tariffs of 1909 and earlier there was a distinction made between fabric bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, and fabric not so treated; and likewise on manufactures consisting of bags there had also been a difference. In the new Fordney bill, while there is a difference on the fabrics, there is none on the bags.

Paragraph 1008 provides for a duty of 1 cent per pound on fabric plain woven, twilled, etc., and in paragraph 1017 we are asking for 20 per cent ad valorem additional, whereas the Fordney bill gives us 17, not much difference. In review, the duty on fabric composed wholly of jute would be almost entirely for revenue purposes only, because there is a very small percentage of those materials that are manufactured in this country. They are all chiefly imported from India, and in some cases from Scotland. That is about all I have to say. Our brief was filed with the Ways and Means Committee and is a matter of record now.

STATEMENT OF T. C. ATKESON, WASHINGTON, D. C., REPRESENTING THE NATIONAL GRANGE.

The material of which bags are manufactured in which fertilizers are sold should be admitted free.

I would call to your attention the fact that paragraph 1008, covering "fabrics composed wholly of jute," etc., if permitted to stand, means that there is to be a tariff of 1 cent a pound on unprinted or unstenciled burlap, and 1 cent a pound plus 13 per cent ad valorem on the same burlap if printed or stenciled, and that the cost of these burlap bags is very largely paid by farmer consumers of fertilizers, feeds, grains, etc., for which burlap is chiefly used. The amount consumed in the fertilizer industry alone amounts to an aggregate of 80,000,000 yards a year, while feed bags will take nearly as much more, making a burden of nearly a million dollars per year for farmers to pay. The burlap industry in this country is small compared with this interest of agriculture, as no jute is raised here, and the raw jute imported for manufacture here amounted in the first nine months of this year to approximately four and a half millions of dollars, as compared with imports of burlap for fertilizer and grain bags of thirty-one and a quarter million dollars. Certainly burlap not bleached, even if printed, stenciled, or painted, should come in duty free; otherwise the farmer consumer will be forced to pay a duty in excess of a million dollars to protect on industry of very small proportions.

STATEMENT OF JOHN I. TIERNEY, REPRESENTING THE NATIONAL FERTILIZER ASSOCIATION.

Mr. TIERNEY. The fertilizer industry consumes annually about 80,000,000 yards of burlap, basis 10½ ounces to the yard. A duty of 1 cent per pound would mean a tariff upon the item of burlap alone of $500,000 a year to the industry. We respectfully submit that fertilizer manufacturers should be relieved of this tax, which would naturally have to be reflected in the price of fertilizers to the farmers.

LINEN FABRICS.

[Paragraphs 1009, 1010, 1012, 1013, and 1015.]

STATEMENT OF W. A. McCLEARY, BROOKLYN, N. Y., REPRESENTING LINEN IMPORTERS AND TRADERS.

Senator McCUMBER. What paragraph are you interested in?

Mr. McCLEARY. I am interested in paragraphs 1009, 1010, 1012, 1013, and 1015 of Schedule 10, covering manufactures of flax.

We have had a meeting of those interests, and I represent 46 importers and traders. I have their suggestions embodied in a brief here, but the main contention is that you allow the present rates of 30 per cent on plain woven manufactures of flax, 60 per cent on embroidered linens, 40 per cent on plain hemstitched handkerchiefs, and 35 per cent on all other linen goods to stand under the present method of classification.

Senator SMOOT. You mean under the American valuation?

Mr. McCLEARY. No, sir; the present method.

Senator CALDER. Is that the language?

Mr. McCLEARY. Well, I am going to make a suggestion that in the place of your schedules that you allow Schedule J, with its rates and classifications, to stand, and to be embodied in Schedule 10 of the new tariff.

You have asked for our suggestions, and it is our opinion in connection with it that if you do the above you will secure the maximum of revenue. You will also give ample protection to the very small number of American manufacturers of flax goods. It is a strange thing in our business that whenever prices are advanced, whether caused by duty or by the abnormal stress of the war, proportionately the business goes down. The linen business is not of the expanding kind. I have been in it 34 years, and in that time it has not advanced anything to speak of. As bearing out my argument, I would say that if we have to pay $8 a dozen to land a towel instead of $7 a dozen, the business in that towel will fall off in proportion to the advance.

Senator SMOOT. Are you an importer?

Mr. MCCLEARY. Yes, sir. I have had a good deal of experience in customs work and in other capacities, and I am now a partner in the house I represent.

In the linen importing business we are very much afraid of the American valuation plan. I do not know whether the fear is justified, but we have to sell a great many goods in advance, and until we can see just exactly how the plan will work we shall not know how to go about our quotations.

Senator MCLEAN. The old classifications?

Mr. MCCLEARY. The old rates. That is our suggestion.

Senator MCCUMBER. You will file your brief, Mr. McCleary?

Mr. MCCLEARY. Yes, sir.

(The brief referred to is as follows:)

The importers and dealers in flax manufactures, whose names are attached, understanding that it is your desire that wherever possible merchants dealing in the same general class of goods should present a joint brief, desire to present for your consideration the following suggestions regarding Schedule 10:

1. Inasmuch as plain linen cloth, whether unbleached or bleached, is not manufactured in the United States, with the exception of a very few coarse fabrics usually mingled with cotton, it may be said that practically the entire consumption is imported from abroad, and to a very large extent such materials may justly be considered as raw materials, a very considerable yardage being processed in some way or another before sale for retail consumption.

For your information, the imported linen fabrics are made into such articles as suits, dresses, waists, shirts, collars, cuffs, handkerchiefs, embroideries, window shades, furniture covering, linings for men's clothing, men's summer wash suits, and a great many other purposes.

2. The recent experience of dealers in linen goods during the era of high prices has conclusively proved that the turnover in dollars and cents did not differ materially from years of lower prices, owing to the tremendously decreased quantity imported. Any change that would tend to increase the price to the consumer would obviously, therefore, not increase the revenue from duties. The linen manufacturers abroad would be restricted in their exports of linen to this country, the importers and the United States Government would be no better off than under the lower duty rates, and the lessened number of consumers would just be paying more for the fewer linens they must have.

3. Traditionally, owing to keen competition, the profits in the linen trade are small and any increase, whether of market price or of duty, must immediately be passed on to the consumer. A change of schedule, therefore, would be quickly noticed throughout the land by all users of handkerchiefs, tablecloths, wearing apparel, etc.

4. With few exceptions, the classifications of the present schedule have been maintained through many tariff acts, and the methods of arriving at the just values on which to pay duty are thoroughly understood through long experience and appraisal decisions extending over a number of years. The American valuation plan is considered unworkable as found by tests applied to importations of flax goods, and if adopted would do real damage to the linen importing industry before it would be possible for Congress to remedy the many defects, or even again return to present methods.

The undernoted members of the linen trade, therefore, suggest that Schedule J be reenacted into Schedule 10 exactly as it stands at the present time, both as to wording and classification, in order to avoid dislocation of trade, maintain the revenue, amply protect American manufacturers of linen and part linen merchandise, avoid unnecessary litigation and prevent protests from consumers generally over the advance in prices that would be necessitated if there were any increases in the duty exacted.

Rates we desire to see maintained: Thirty per cent on plain woven manufactures of flax. 60 per cent on embroidered linens, 40 per cent on plain hemstitched handkerchiefs, 35 per cent on all other linen goods.

Ballin & Taylor, New York, N. Y.; The Belfast Linen Handkerchief Co., New York, N. Y.; Brookfield Linen Co. (Ltd.), New York, N. Y.; Derryvale Linen Corporation (Ltd.), New York, N. Y.; Brown Durrell Co., Boston, Mass.; Brown's Shamrock Linen's (Ltd.), New York, N. Y.; Carleton D. G. Co., St. Louis, Mo.; Dezell & Cunningham, New York, N. Y.; M. Doob Sons & Co., New York, N. Y.; Elms & Sellon, New York, N. Y.; William Ewart & Son (Ltd.), New York, N. Y.; Fenton & Dotter, New York, N. Y.; Freund, Freund & Co., New York, N. Y.; F. Frisch, New York, N. Y.; Glendinning, McLeish & Co. (Inc.), New York, N. Y.; John Graham & Co., New York, N. Y.; Eugene A. Hellman & Co. (Inc.), New York, N. Y.; Helwig & Moore, New York, N. Y.; A. S. Herrmann, New York, N. Y.; Ireland Bros. (Inc.), New York, N. Y.; Kean, Watson & Meder (Ltd.), New York, N. Y.; Laird Linen Corporation, New York, N. Y.; Lamb, Finlay & Co., New York, N. Y.; William Liddell & Co., New York, N. Y.; Linen Fabrics Importing Corporation, New York, N. Y.; Locke & Clarke Co., New York, N. Y.; J. B. Locke & Potts, New York, N. Y.; Robert McBratney Co. (Inc.), New York, N. Y.; John McCann & Co., New York, N. Y.; W. C. McClure, New York, N. Y.; McCrum, Watson & Mercer, New York, N. Y.; James McCutcheon & Co., New York, N. Y.; Robert McDade (Inc.), New York, N. Y.; W. A. McLaughlin, New York, N. Y.; Donald W. MacLeod & Co., New York, N. Y.; Henry Matier & Co. (Ltd.), New York, N. Y.; T. K. Milliken & Son, New York, N. Y.; Montague & Co. (Inc.), New York, N. Y.; John Ritzenthaler, New York, N. Y.; The Old Bleach Linen Co. (Ltd.), New York, N. Y.; Perlman, Schal & Stern, New York, N. Y.; Turtle Bros., New York, N. Y.; James F. White & Co. (Inc.), New York, N. Y.; York Street Flax Spinning Co., New York, N. Y.; Wilmerding & Bissett, New York, N. Y.; Thomas Young (Inc.), New York, N. Y.

FLAX, HEMP, AND JUTE PADDING.

[Paragraph 1010.]

STATEMENT OF JAMES GILMORE, NUTLEY, N. J., REPRESENTING IMPORTERS OF JUTE PADDINGS.

Senator SMOOT. What paragraph are you interested in?

Mr. GILMORE. I am interested in 1008 and 1010.

Senator McCUMBER. You may proceed.

Mr. GILMORE. I am not interested in manufacturing, either here or abroad. I am representing the importers of jute paddings, which come in under 1010.

Senator McCUMBER. What are you interested in importing?

Mr. GILMORE. Jute canvas or jute paddings. They are at present on the free list, and they have been taxed under the McKinley bill at 15 per cent and seven-eighths cent per pound, but here they are under this paragraph 1010 at 33⅓ per cent ad valorem, under American valuation. This, gentlemen, is a very extraordinary rate of duty, because there is no domestic industry in existence to protect, and the cloths are of very low order.

I have got here a couple of samples to show you how they are used. They go into the cheapest clothing that we make in the United States, workingmen's clothing mostly.

Senator SMOOT. You mean there are no woven fabrics composed wholly or in chief value of jute?

Mr. GILMORE. This is pure jute. The word "jute" should be eliminated. It is in paragraph 1010 but also specified under 1008, and it should be eliminated from 1010—that is to say, flax, hemp, or jute; the word "jute" should be eliminated. They are made up like this [exhibiting sample to the committee], in a very cheap way.

Senator SMOOT. There are a good many goods made the chief value of which would be of jute, and then another substance like wool, and maybe even silk?

Mr. GILMORE. Oh, yes; but not "jute chief value" if wool or silk combined.

Senator SMOOT. That is what paragraph 1010 is.

Mr. GILMORE. Paragraph 1010, plain fabrics, composed wholly of jute. Now, in 1008 it is wholly jute.

Senator SMOOT. Oh, no—"or in chief value."

Senator MCCUMBER. It could be.

Senator SMOOT. Yes; it could be, but one is finer thread than the other.

Mr. GILMORE. These pure-jute fabrics should not come in at a higher rate of duty than jute cloths.

Senator SMOOT. The reason is they are a very much higher grade of goods and finer thread.

Mr. GILMORE. You will observe that the linen fabrics—and here is a sample of linen cloth now [exhibiting sample to the committee] which takes 30 per cent, and this is now coming in free [indicating], and you ask 33⅓ per cent American valuation on this. What I am pleading for is that you give the clothing manufacturers a chance to bring in a cheap fabric to make the very cheapest workmen's clothing that is made in the country. If you tax it, I presume, a pair of fronts made up like these would not exceed 25 cents; if you increase it, the American valuation to 33⅓ per cent, it will simply add 50 per cent or more.

The clothing people have been trying to get the cost of clothing, and especially the cost of cheaper clothing, down, and it seems hardly fair to put that rate of duty so high.

STATEMENT OF MAURICE A. GOLDMAN, MILFORD, N. H., REPRESENTING MILFORD SPINNING AND WEAVING CORPORATION OF NEW HAMPSHIRE.

Senator MCCUMBER. Where is your residence?

Mr. GOLDMAN. Milford, N. H.

Senator MCCUMBER. You may proceed.

Mr. GOLDMAN. We manufacture plain woven fabrics made of flax, hemp, or jute yarns, used for padding or interlining in clothing, and we are directly affected by paragraph 1010. The rate now in 1010 is straight 33⅓ per cent ad valorem. The yarn which we have to buy—we do not spin our yarns of either flax or jute, and not much of hemp—under the paragraphs of Schedule 10 have a specific rate of duty. The 33⅓ per cent ad valorem does not overcome the specific rates which we will have to pay in buying our yarns. Therefore we can only ask that you make paragraph 1010 read so that it will compensate and protect us for the manufacturing of our cloths.

Senator SMOOT. What rate do you want?

Mr. GOLDMAN. I suggest that paragraph 1010 be made to read [reading]:

Woven fabrics, composed wholly or in chief value of flax, hemp, or jute, exceeding thirty and not exceeding one hundred and twenty threads to the square inch, counting the warp and filling, and weighing not less than four and one-half and not more than twelve ounces per square yard, used as padding or interlinings in clothing, shall pay the same duty per pound as the highest rate imposed in this act upon any of the yarn of which the fabric is made, and in addition thereto 25 per centum ad valorem.

In other words, I am asking for only 25 per cent protection as a duty for manufacturing cloth and to be compensated with the other part of the paragraph for the amount of duty which we have to pay for the yarn which we buy.

(Mr. Goldman submitted the following brief:)

We respectfully submit our request that paragraph 1010, which now reads—

"Woven fabrics, composed wholly or in chief value of flax, hemp, or jute, exceeding 30 and not exceeding 100 threads to the square inch, counting the warp and filling, and weighing not less than 4½ and not more than 12 ounces per square yard, such as are commonly used as paddings or interlinings in clothing. 33⅓ per cent ad valorem"—

should be made to read—

"Woven fabrics, composed wholly or in chief value of flax, hemp, or jute, exceeding 30 and not exceeding 120 threads to the square inch, counting the warp and filling, and weighing not less than 4½ and not more than 12 ounces per square yard, used as paddings or interlinings in clothing, shall pay the same duty per pound as the highest rate imposed in this act upon any of the yarn of which the fabric is made, and in addition thereto, 25 per cent ad valorem."

Our reason for asking this change is that the yarns which enter into the making of these cloths are covered by paragraphs 1003 and 1004, which impose specific rates, whereas paragraph 1010, covering the cloths, impose an ad valorem rate of duty.

In such cases where the raw material pays a specific rate and the finished product of it pays an ad valorem rate the fluctuations of price brings about a condition, at times, where the amount of the specific duty on the raw material is greater than the amount of the ad valorem duty on the finished product.

The duty on the cloths under paragraph 1010, at normal prices, would be only two-thirds as much as the duty on the yarns of which they are made.

The change to paragraph 1010, which we ask, makes it compensatory at all times for the duty which is imposed in this act upon the yarn of which the cloths are made and protects the cost of manufacturing of the cloth with only 25 per cent ad valorem.

Compensatory duties have been given to paragraphs 1006 and 1017 of this schedule. We need and ask for the same protection.

Our capacity is 5,000,000 yards a year, as against about 50,000,000 yards used annually in this country. Our product is accepted by the trade on par with any of the foreign manufactured.

Canvas padding is an absolute necessity in making of clothing. The cost of the small amount used in a coat is so small in relation to the entire cost of the suit that the variation in the price of the canvas does not affect the retail selling price of the suit. Tariff on canvas padding does not affect the cost of living.

Necessary protection would assure the manufacture of the entire 50,000,000 yards by the mills of this country. Further, the manufacturing of this plain linen and jute fabric would instill confidence and lead American mills to producing all other linen fabrics—such as dress linen, shirtings, sheetings, damasks—amounting to several millions of dollars annually; all of which is at present imported. This would help to keep busy many overdeveloped textile mills on "home consumption" necessities instead of fighting for export business.

The wages paid in the countries with which we are competing in the manufacture of these cloths are about one-third of ours.

The necessity of this industry within the borders of the United States is emphasized very forcibly by the fact that the making of men's and women's suits and overcoats depends upon canvas padding. All other articles entering into the making of suits and overcoats, such as the woolen, linings, sewing threads, or buttons, are all manufactured in this country, whereas the canvas padding, which is the foundation of the

coat, and upon which all the rest depends, is manufactured in foreign countries. If our supply of this cloth from Great Britain or any of the other foreign countries should be cut off, the entire clothing industry and the making of clothing in this country would be very much disturbed, if not impaired.

To demonstrate this: During the war the United States needed canvas padding in the manufacture of clothing for the Army. We were the only mill in this country that was able to, and did, furnish canvas padding to the United States Army. Our capacity was not sufficient. The British Government was unable to furnish the balance needed. The United States Quartermaster Department was forced to order the uniforms made with either plain burlap for substitute or without any canvas interlining.

The silk and worsted industries of this country were made possible only by tariff protection during their infancy.

The linen, jute, and hemp industry is just as important a textile to the United States and can be established here only by the necessary tariff protection.

LINOLEUM, OILCLOTH, AND PAPER-FELT FLOOR COVERINGS.

[Paragraph 1018.]

STATEMENT OF JOHN J. EVANS, LANCASTER, PA., REPRESENTING THE ARMSTRONG CORK CO.

The CHAIRMAN. Go ahead, Mr. Evans.

Mr. EVANS. I am from Lancaster, Pa., and am general manager of the Armstrong Cork Co., and I represent the manufacturers of linoleum, oilcloth, and paper-felt floor coverings. We have prepared a short brief which covers all the questions in connection with the industry that have come to our minds. We do not ask to make any further statement, but just ask to have the brief filed with the committee.

The CHAIRMAN. All right. The statement will be received and printed.

(The brief referred to is as follows:)

I. The paragraph in which this industry is interested is paragraph 276, Schedule J, of the present law, which reads as follows:

"Linoleum, plain, stamped, painted, or printed, including corticine and cork carpet, figured or plain, also linoleum known as granite and oak plank, thirty per centum ad valorem; inlaid linoleum, thirty-five per centum ad valorem; oilcloth for floors plain, stamped, painted, or printed, twenty per centum ad valorem; mats or rugs made of oilcloth, linoleum, corticine, or cork carpet shall be subject to the same rate of duty as herein provided for oilcloth, linoleum, corticine, or cork carpet."

II. This industry wishes changes made in the present law so that the paragraph will read as follows:

"Linoleum, inlaid, plain, stamped, painted, or printed, including corticine and cork carpet, figured or plain; also linoleum known as granite or oak plank, forty per centum ad valorem; oilcloth for floors, plain, stamped, painted, or printed, twenty-five per centum ad valorem; mats or rugs made of oilcloth, linoleum, corticine, or cork carpet, shall be subject to the same rate of duty as herein provided for oilcloth, linoleum, corticine, and cork carpet."

We ask that specific mention be made of paper felt floor coverings in the tariff law—a new article of manufacture since former tariff laws were framed—and that upon this article there be put a duty of 25 per centum ad valorem, and that mats or rugs made of this be assessed at the same rate of duty.

III. In the Payne-Aldrich law our product had a combined specific and ad valorem duty. These duties varied according to the width of the given article, and the specific duties were allowed per square yard. This system made a complicated tariff paragraph and added complications to its administration. The industry is now willing to forego these different width classifications. All of the forms of our product can now be classified together as a single product and duties assessed accordingly. This applies also to the inlaid linoleum, which in this law received an additional duty. We

believe that both from a customs administrative standpoint and from the standpoint of the American industry it will be wise to do away with the former classifications of the product.

The one change, outside of rates of duty, that we are asking in the phraseology of the present act is that inlaid linoleum be classed with the other grades of this product. We are willing to forego the special consideration given to inlaid linoleum and to have it bear the same rate of duty as the other linoleum products for floor coverings.

IV. Linoleum is a floor covering made essentially in accordance with expired patents of Frederick Walton in England on December 19, 1863, No. 3210, and in the United States on February 23, 1869, No. 87227, and is composed of oxidized oil and gums intimately mixed with ground cork or wood flour, usually on a back of burlap, canvass, or other suitable fabric, the surface thereof being frequently finished in decorative designs, which are either printed thereon or result from different portions of the material being dyed in various colors and placed in suitable arrangement upon the fabric back.

Inlaid linoleum is made in several ways, but generally the process consists of cutting rolled sheets of linoleum mixture of various colors into separate pieces, fitting them into a design on a jute burlap foundation, and incorporating them into a fabric by means of hot rollers. Automatic machinery is used for cutting and assembling the varicolored pieces.

Granite linoleum is made from mixtures of different colored materials. The colors remain separate in the completed fabric, but the assemblage and relation of these variously colored spots and masses are casual.

Plank linoleums, oak-plank linoleums, or plank inlaid linoleums are made by running two separate composition mixtures side by side upon the burlap foundation, but the two are not allowed to "mix." The effect resembles an inlaid flooring.

Floor oilcloth is composed of a foundation of jute burlap coated with a mixture of linseed oil, ochre, and benzine. Several coats are applied to attain the desired thickness, each coat in turn being dried and rubbed smooth. Floor oilcloth may be plain or have designs stamped, painted, or printed on the smooth finished coating.

Corticine is prepared like linoleum, but the linseed oil is oxidized differently and rubber mixture may also be employed in the composition.

Cork carpet resembles plain linoleum and is made in the same way, except that the cork is not ground so finely and a larger proportion of cork is used in the mixture; the result is a more resilient product.

V. We present to the committee the comparative costs to-day of manufacturing linoleum, cork carpet, and corticine in Great Britain and the United States. These costs include labor, materials, overhead expense, and all the items that enter into the production of the goods. These figures may be taken as showing the difference in costs of production of the same articles here and abroad, and as showing what conditions the American manufacturer is called upon to meet. These costs are as follows:

	Manufacturing cost in United States on per cent basis.	Cost in United States on unit basis.	Cost in England on unit basis.
	Per cent.		
Materials	57.56	$0.58	$0.44
Labor	27.10	.27	.17
Overhead	15.34	.15	.10
	100	1.00	.71

VI. Production costs given above show that for each dollar the American manufacturer is compelled to expend to produce a given unit of linoleum, cork carpet or corticine, the foreign manufacturer is compelled to expend 71 cents. To compensate for this difference in the cost of manufacture we ask an ad valorem duty of 40 per cent be placed on these articles. This we consider the lowest possible duty that will cover the difference in the cost of production. The 40 per cent duty on production costs of 71 cents gives a duty amounting to $0.284, which practically equals the difference in the cost of production.

VII. We also submit to the committee comparative costs of manufacture of oilcloth for floor covering in the United States and Great Britain. These costs also include

materials, labor and overhead expenses and all the items that enter into the production of the goods. These costs are as follows:-

	Manufacturing cost in United States on per cent basis.	Cost in United States on unit basis.	Cost in England on unit basis.
	Per cent.		
Materials	50	$0.50	$0.45½
Labor	30	.30	.18
Overhead	20	.20	.16
	100	1.00	.79½

VIII. We have shown in above production costs that for every dollar the American manufacturer is compelled to expend to produce a given unit of oilcloth, the foreign manufacturer would be compelled to expend approximately 80 cents. We ask that a duty be placed on oilcloth floor coverings of 25 per cent. This would equalize, and no more, the $0.20 difference between the costs of production of the American manufacturer and his English competitor.

IX. It is necessary now to add to floor coverings the specific mention of paper felt floor coverings. This is a new product and was not one that heretofore needed mention in the tariff law. It is a floor covering which consists of a base of felt paper saturated with asphaltum and painted on both sides with one or more coats of paint and printed on the top surface with decorative designs. This product was in experimental stages of manufacture in the United States at the time that the present tariff law was adopted, hence does not appear in the existing schedules.

Wherever and however it is classified, it should bear the same duty as oilcloth for floor covering. Its cost of manufacture is entirely analogous to that of oilcloth and the comparative costs of production in Great Britain and the United States are the same. The same comparative costs of production, therefore, may be taken as shown in the table of oilcloth production costs. We ask that on this product the duty be 25 per cent, so as to equalize the $0.20 difference per unit in the costs of production between these two countries.

X. We give the comparative costs of production between the United States and Great Britain. Competition of the American manufacturer is by no means confined to Great Britain. Floor coverings of the character of linoleum, oilcloth, and paper felt are also the products of such countries as Germany, France, and Belgium. The wage scale in these countries is lower than that of Great Britain, so that the rates of duty that we ask, and that we show are needed by these comparative cost figures, really do not afford sufficient protection against the products of such countries.

XI. A comparison of the selling price in the United States of American and foreign made linoleum would be unjust to the American manufacturer due to the fact that American manufacturers have liquidated and charged off losses on stocks of raw materials and their existing selling prices are therefore based on market or replacement values. The foreign manufacturers, on the other hand, have not liquidated or absorbed their heavy inventory losses, and through their trade association are still maintaining prices that were in effect April 28, 1920, the highest ever charged in the past decade.

Later on, after the foreign manufacturers have consumed their stock of high priced raw materials, they will naturally make heavy reductions in their present prices. We ask you, therefore, when considering this subject, that you do not give consideration to the comparative current selling prices in the United States of American and foreign made linoleum, but only to the comparative manufacturing costs under like conditions, as indicated in this brief.

XII. The linoleum and oilcloth floor covering industry in the United States has grown and developed with the protective tariff policy of the country. In 1904 the industry had a production of $9,700,000; in 1909 the production was $15,500,000; in 1919, the last Government census figures available, the production was $17,600,000. In 1914 the capital invested was over $20,000,000 and the persons engaged in the industry about 5,000, who received in salaries and wages over $3,000,000 a year. The percentage of male employees in the industry in 1914 was over 96 per cent of the total number employed, and the labor employed under 16 years of age was less than 1 per cent of the total.

XIII. Although this industry prospered under a protective tariff, it was not because the tariff rates were prohibitive. Imports came to this country amounting to nearly $2,000,000 a year. During the war, of course, the imports constantly decreased until in 1918 they practically disappeared. Since that time there has been a resumption of imports and a steady increase in volume. In the fiscal year 1920 this increase was 30 per cent over that of the preceding year, and in the present fiscal year this increase will be much greater. The competitive countries are steadily getting into better condition for the manufacture of this product and for the shipping of it to the United States.

XIV. The duty we ask is based upon the continuance of the present rates of duty on the materials that we use in the manufacture of our product, and which we get from abroad. Any change in these rates would obviously necessitate a corresponding change in our calculations and in the rate of duty which would be needed to protect our finished product. We ask that in the case of change in any of these rates that we be notified so that we may show to the committee just how this change would affect us, and what would be necessary in the rate of duty we are to receive to compensate, and no more, for the change of duty in our raw materials.

The principal raw materials that we use are as follows: Burlap, cork, linseed oil, wood flour, pigments, lithopone, gums.

XV. We consider the linoleum and oilcloth floor covering industry is so well known to this committee that it is unnecessary to fill this brief with details and facts that have been presented before. At the hearing before the Ways and Means Committee in 1913 there was a very comprehensive statement filed in regard to this industry and detailed figures in connection with different phases of our manufacture. This information is, of course, available to this committee. What we are trying to do is to place in concise fashion the need of the industry to-day in the way of tariff protection. We are asking for only what we absolutely need, and we are presenting figures that we think justify the request and prove the case that we submit. The 40 per cent ad valorem that we ask on linoleums, cork carpet, and corticine and the 25 per cent ad valorem duty that we ask on oilcloth and paper felt floor coverings merely cover the difference in cost of production here and abroad and will enable us to meet the foreign manufacture in the American market on even terms. That is all that we ask.

Submitted for Armstrong Cork Co., The George W. Blabon Co., Cook's Linoleum Co., The Nairn Linoleum Co., Thos. Potter, Sons & Co. (Inc.), Joseph Wild & Co., Bird & Son (Inc.), Cott-A-Lap Co., Ringwalt Works, Salem Manufacturing Co., and Petrolene Co.

GRASS RUGS AND MATTINGS.

[Paragraph 1020.]

STATEMENT OF HENRY A. DAMMEYER, NEW YORK CITY, REPRESENTING THE WILLOW RUG CO.

Mr. DAMMEYER. Mr. Chairman, representing the Willow Rug Co., and as a member of the Grass and Fiber Rug Manufacturers' Association, and connected with W. & J. Sloane, who are interested in both the importations of grass rugs and sell the products of the Willow Rug Co., I desire, first, to submit the tariff that we would like to apply on Japanese grass rugs, and I have copies here for you and I would like to insert a copy in the record. It covers the duty on two specific articles that we are interested in, what is known as common China, Japan, and India straw matting and rugs made of rice straw or similar materials, commonly known as grass rugs. The provision is as follows:

The Grass and Fiber Rug Manufacturers' Association would like, in lieu of paragraph 1020, the following:

"Common China, Japan, and India straw matting and floor coverings made therefrom, 3 cents per square yard; rugs made of rice straw or any similar material, commonly known as grass rugs, and all other floor coverings of like character and description, not specially provided for, 4 cents per square foot."

Senator McLEAN. That is in lieu of paragraph 1020?

Mr. DAMMEYER. Yes, sir. I would like to state briefly why we are asking for that duty. I have here a table, which I will leave with

you, which shows clearly how the cost of the Japanese article is arrived at and also shows the minimum wholesale selling cost of the American grass rug, a comparative and competitive material, which comes directly in competition with the foreign-made article. I will state briefly the differential in cost as shown on this paper as reflected by the present duty, the duty recommended by the Ways and Means Committee, and the proposed duty of 4 cents per square foot recommended by the Grass and Fiber Rug Manufacturers' Association. These are as follows:

The cost to wholesalers, department stores, and large retailers, based on the present duty, is $3.42 for the Japanese rug, and for the domestic rug it is $8.62, making the differential $5.20.

The cost based on the duty recommended by the Ways and Means Committee would be as follows for the Japanese rug: It would arrive in this country at any common overland point at a cost of $5.36½ cents, and the domestic rug would cost $8.52, making a differential of $3.16½.

The cost based on the duty we propose to-day would be for the Japanese rug $7.44, while the domestic rug would cost $8.62, making a differential of $1.18.

At the differential of $1.18 per rug in favor of the Japanese article the latter will sell at retail $1.75 less than the domestic grass rug, and, though this will mean the continuing importation and sale of the Japanese grass rug in much larger volume than the domestic grass rug, it will at the same time afford an opportunity for probable existence to the American grass-rug industry. I say this advisedly, because the firm I represent is the largest importer of Japanese rice-straw rugs in this country, and we know we will be able to continue to sell the Japanese rice-straw rug at the difference in the figures shown.

I want to submit in behalf of our association that if we are allowed only the rate of duty recommended by the Ways and Means Committee the American grass-rug industry can not resume operation and must go out of existence, thereby causing a great loss to American capital and labor.

Senator DILLINGHAM. Where are your works located?

Mr. DAMMEYER. The Willow Rug Co. is located at Green Bay, Wis. The Crex Carpet Co., which is the largest domestic concern making these grass rugs, is located at St. Paul; the Deltox Grass Rug Co. and the Waite Grass Rug Co. are located at Oshkosh, Wis.

Senator DILLINGHAM. How do your wages compare at the present time with those before the war?

Mr. DAMMEYER. That is a question which I would like to leave to our counsel to answer, because he has some figures supplied to him by the manufacturers of domestic grass rugs. The domestic production from 1910 on showed a steady increase up to 1913, that year reaching over 6,000,000 square yards. From 1913 to 1919 production gradually fell off to 3,779,000 square yards for the latter year. This decrease was due to the influx of Japanese rice-straw rugs, which began in 1913 and rapidly increased to 1920, inclusive, and this continual and rapid increase in the importation of Japanese rice-straw rugs was due to no other reason than the extremely low duty of 2½ cents per square yard, which was never intended to apply to those rugs, as our counsel will explain.

In 1920 domestic production showed a slight increase over 1919, about 700,000 square yards, but the total production of that year was over 1,500,000 square yards less than the production of 1913. On the other hand, in 1920 the importation of Japanese rice-straw rugs was several times greater than 1913; in fact, was the largest since Japanese rice-straw rugs began coming in to this country.

The low rate of duty applied created such an enormous increase in the demand for Japanese rice-straw rugs in the United States that small farmers and private families in Japan took up the industry as a spare-time occupation, one or two hand looms being installed in each household. There is and has been an increasing tendency toward abandonment of production by the larger Japanese manufacturers, so that the number of looms operated in the households now far exceeds the number owned by the larger manufacturers, and this condition means practically no investment or overhead expense.

I would like to submit further that while the duty of 4 cents per square foot asked for may possibly curtail the importation of Japanese rice-straw rugs, nevertheless, it certainly will not prohibit the importation, while on the other hand the granting of 4 cents per square foot on straw rugs will result in a larger importation of rugs made of common China and Japan matting, commonly known as China and Japanese straw-matting rugs, the proposed duty on such rugs being only 3 cents per square yard.

Gentlemen, if I may be permitted just a moment longer, I would like to show you the appearance of a Japanese grass rug that I referred to [producing samples]. As a comparison with a Japanese rug I would like to show you the domestic grass rug. This is a Japanese rice-straw rug, and this is the domestic grass rug as made by the Willow Rug. Co.; and here in a little different color is a Crex rug, made by the Crex Carpet Co., the largest manufacturer of domestic grass rugs in this country. My object in showing you these rugs is to show the close appearance of the two rugs, although there is quite a difference in the cost of both rugs in this country to the consumer. The question might arise in your minds that in asking a duty of 4 cents a square foot it would mean a considerable more cost to the consumer than the Japanese rug. It does not follow that the consumer would not get the benefit. The consumer does not lose, because the actual wearing qualities of domestic rugs are twice as great as the wearing qualities of the Japanese rugs. If the rugs shown are analyzed, that statement can be verified. This Japanese rug is made of rice straw and is very dry and brittle, while this domestic rug is made of thin wire grass. A number of these thin wire-grass strands are woven together and bound with a binding warp, then woven with a strong cotton warp, which makes this domestic rug very much more durable than the other.

Senator McLEAN. Does your brief contain a statement of the comparative prices?

Mr. DAMMEYER. Yes, sir; under the present duty, also the proposed duty under the Fordney bill, and the proposed duty as submitted by us to-day.

Senator McCUMBER. You are asking for the equivalent of 36 cents per square yard?

Mr. DAMMEYER. Yes, sir.

Senator McCUMBER. Will you tell us what the wholesale prices of these articles are on which you are asking duty?

Mr. DAMMEYER. On the domestic rugs?

Senator McCUMBER. Yes.

Mr. DAMMEYER. $8.62 is the cost, but that is not the selling price.

Senator McCUMBER. What is the usual cost, after allowing a reasonable profit; what does the rug sell for?

Mr. DAMMEYER. I beg your pardon; I made a mistake there. $8.62 is the lowest wholesale selling cost of the four domestic grass rugs of standard weave that is mentioned in this brief.

Senator McCUMBER. $8.62 for a rug 9 by 12 feet?

Mr. DAMMEYER. Yes, sir.

Senator McCUMBER. Reduce it down to the price per yard. You are asking for a duty of 36 cents a yard?

Mr. DAMMEYER. Yes, sir.

Senator McCUMBER. A square yard?

Mr. DAMMEYER. Yes, sir.

Senator McCUMBER. Now, on a certain line of rugs what does that wholesale for per square yard?

Mr. CARSTARPHEN. Senator, we are asking for 4 cents a square foot.

Senator McCUMBER. There are 9 square feet in a square yard, and therefore I assume it would be four times 9, or 36 cents a square yard.

Mr. DAMMEYER. It is practically 72 cents a square yard, Senator.

Senator McCUMBER. In other words, you are asking for an ad valorem duty of about 50 per cent.

Mr. DAMMEYER. That is what it would reflect, yes, sir; $8.62 is the minimum wholesale selling price. There are 12 square yards in a 9 by 12 standard rug, and that is what the calculation is based on.

Senator McLEAN. What is the competitive rug put on the market for?

Mr. DAMMEYER. At this rate of duty it is landed here at $3.42.

The CHAIRMAN. A rug 9 by 12?

Mr. DAMMEYER. Yes, sir.

The CHAIRMAN. What is it per square yard?

Senator McCUMBER. Reduce it to the price per square yard.

Mr. DAMMEYER. Approximately 29 cents.

Senator McCUMBER. And yours can be put on the market at a reasonable profit for about 62 cents?

Mr. DAMMEYER. For $8.62 for a 9 by 12 rug, or about 72 cents per square yard.

Senator McCUMBER. Do I understand that the wholesale price of a Japanese rug, per square yard, after the duty is paid, is about 29 cents?

Mr. DAMMEYER. On the payment of a duty of 2½ cents per square yard; yes, sir.

Senator McCUMBER. Does that make an allowance for a reasonable profit to the importer; or is that simply what it costs in Japan, plus the tariff?

Mr. DAMMEYER. I show you how I arrive at those figures in the memorandum I shall file. In calculating the cost of a rug or of a square yard, it is necessary to take into calculation six 9 by 12 rugs, because there is one piece of burlap used for packing six rugs, and the labor connected with it is figured on that basis. For instance, the

first cost of six Japanese rugs 9 by 12 is 26.40 yen; packing charges, 2.75 yen; inspection, one-fourth of 1 per cent, 0.06 yen; which makes a total of 29.21 yen.

There is a commission of 6 per cent. That is 1.75 yen. The exchange to-day is on a basis of 48½ cents, and that will total $15.01½.

The duty at the present time is $1.80; the ocean freight is 50 cents per hundredweight, which equals 70 cents; the rail freight is $2, which equals $2.80.

The war tax is 3 per cent, which makes 8½ cents; insurance, four-fifths of 1 per cent, 12 cents. Cost of six rugs, $20.52; cost of one rug, $3.42. The cost per square yard is approximately 29 cents.

I want to submit one thing in connection with the domestic grass rug as compared with the foreign grass rug and desire to demonstrate thereby the fact that Japanese grass rugs are selling in tremendously increased quantities, while domestic grass rugs are not selling. I happened to be in Chicago on Saturday, and while there I visited the office of Sears, Roebuck & Co., which does the largest mail-order business in this line in the country, and I saw there a catalogue which they are now operating with, and from which they are receiving their business, and this catalogue showed 12 domestic grass rugs and 4 fiber rugs.

They have just decided on a rearrangement of their catalogue which will be reissued for 1922; in other words, their new catalogue. There are 12 domestic grass rugs shown in the 1921 catalogue and 4 fiber rugs. In the 1922 catalogue which they are about to issue they have thrown out all of those domestic rugs with the exception of two, while, on the other hand, they show in the present 1921 catalogue four Japanese grass rugs, and while these are technically known as rice-straw rugs, they are generally designated "grass rugs," and even in this catalogue the designation is given as Japanese grass rugs and not as Japanese rice-straw rugs.

They have done a tremendous business as the result of featuring those four Japanese rugs in that particular catalogue, and as a result they are going to retain all of the four in the 1922 catalogue, thereby indicating the fact that the business is coming in large quantities on Japanese rugs, and by throwing out all of the domestic rugs but two they indicate clearly that they are doing no business on them. As a matter of fact, the manager of that particular department of the business said that the business in domestic grass rugs and domestic fiber rugs is practically nil. The American fiber-rug business is, therefore, also seriously affected by the importation of Japanese grass rugs.

Senator McCumber. I see that the price list says, for a 9 by 12, one is $18.25, another is $21.95, and another $18.85. Is that the kind of rugs you mean?

Mr. Dammeyer. These rugs here [indicating the rugs priced at $16.75] all come in direct competition with Japanese rugs.

These four rugs [indicating the rugs priced at $18.25, $18.85, and $21.95] are higher grade rugs. Those are higher grade rugs bought by people who really want the best in everything.

Senator McCumber. There are two prices for that rug [indicating].

Mr. Dammeyer. This is similar here, in 9 by 12 sizes. Those are Crex rugs [indicating].

Senator McCUMBER. They want $16.75 for a 9 by 12?

Mr. DAMMEYER. Yes, sir; and that is the retail selling price. That is the outside price, not the low wholesale selling price to the jobber or to the department store. On the other hand, the Japanese retail price is $6.50, which is nearly twice the present import price, hence the relative difference is shown in both cases.

Senator McCUMBER. In both cases the retail price is practically double the wholesale selling price?

Mr. DAMMEYER. In both cases; yes, sir.

Senator SIMMONS. Will you permit me to ask a question—I do not exactly understand the situation—just what is meant by common China and India straw, rice straw?

Mr. DAMMEYER. If you will permit me, I will explain what we mean by common straw mattings.

Senator SIMMONS. Are these mattings referred to in this sentence of this paragraph in the bill mattings made out of rice straw?

Mr. DAMMEYER. No, sir.

Senator SIMMONS. What sort of straw is that?

Mr. DAMMEYER. It is a different kind of straw, known as rush straw.

Senator SIMMONS. Would that be covered by Chinese, Japanese, and Indian grass?

Mr. DAMMEYER. No, sir; that would be covered by common straw matting; by common matting or common mats.

Senator SIMMONS. The next question I want to ask you is "rugs made of rice straw or any similar material." Does that mean they are made from rice straw and grass from China, Japan, and India, or does it mean rugs made from rice straw or grass from China and India—is that rice straw that is referred to in the amendment you wish to make, or does that grass differ in any material way from the straw referred to in the first part of the section?

Mr. DAMMEYER. Very much so.

Senator SIMMONS. Can you not tell the committee exactly what the difference is?

Mr. DAMMEYER. I will try to explain that, Senator. The ordinary, common matting straw is just plain rush or split straw. It is referred to both as a rush and a split straw, and is of very small thinness. That is an extremely thin material, while the Japanese rice straw referred to is more of a blade straw. That blade is twisted to resemble twine, like the twine in the American grass rug.

Senator SIMMONS. Do we import any of that straw and manufacture mattings out of any of that?

Mr. DAMMEYER. We do not.

Senator SIMMONS. But these Chinese articles that you compete with are made out of that straw that we do not import or manufacture from?

Mr. DAMMEYER. Exactly.

Senator SIMMONS. Is that the reason the Japanese article is so much inferior to the American product?

Mr. DAMMEYER. It is a different kind of material, vastly inferior.

Senator SIMMONS. It is so inferior that you do not even import it.

Mr. DAMMEYER. That is one reason, but the principal reason is——

Senator SIMMONS. What I want to get is this: In making a comparison of the Japanese article with which you compete, are you not

always having reference to the inferior article made of this grass that is not brought to this country at all?

Mr. DAMMEYER. We have reference to all competing products.

Senator SIMMONS. Is there any article imported into this country from Japan and China made out of identically the same material that you refer to in your proposed amendment?

Mr. DAMMEYER. You mean is any material itself imported?

Senator SIMMONS. No. I ask you if any matting or rug made out of identically the same material that you refer to in your proposed amendment is imported into this country and sold in competition with your product?

Mr. DAMMEYER. Exactly; in extremely large quantities.

Senator SIMMONS. Now, is that of inferior or equal quality?

Mr. DAMMEYER. It has practically the same appearance, but it is considerably inferior in quality to the domestic article. To quote the expression of the manager of a large retail store in Chicago, which was given to me only Saturday, the wear of a Japanese rug is only 50 per cent of the wear of an American grass rug. In fact, the common Japanese matting rug will give pretty nearly the same service as a Japanese rice-straw rug, and cost the consumer considerably less. This latter rug, the common Japanese matting rug, will supply customers who can not afford any but the very low-priced article.

Senator SIMMONS. And the difference in the result is the difference in the cost of the two articles——

Mr. DAMMEYER. It is the difference in the duty and the cost.

Senator SIMMONS. And the quality has nothing to do with it?

Mr. DAMMEYER. The wearing quality of the American rug is twice as good; but that is not recognized by the consumer.

Senator SIMMONS. But your competition with a Japanese and Chinese rug is competition with notably inferior articles?

Mr. DAMMEYER. Yes, sir.

Senator SIMMONS. Is there any duty upon this rice straw and grass which you specify in your amendment? We are putting a duty here on straw matting from India, China, or Japan, but what I wish to ask you is whether there is any duty upon rice straw or grass from China, Japan, and India?

Mr. DAMMEYER. So far as I know, there is none imported.

Senator SIMMMONS. That comes in free?

Mr. DAMMEYER. I do not know that there is a duty on it. I do not know that it is even covered. I do know that we do not use any of that in this country to manufacture rugs out of. The thing that we are concerned with is the cost of producing the rug.

Senator SIMMONS. What do you make the rug out of?

Mr. DAMMEYER. We make it out of wire grass. Wire grass is grown in the northern part of this country, Minnesota, and some in that particular section of the country just below Canada.

Senator MCLEAN. Is it cultivated?

Mr. DAMMEYER. It is cultivated, and the fields are owned by some of the grass-rug manufacturers, to some extent, while others are leased from the farming people who live in the section where this grass is grown. It is necessary to cultivate it, and it is necessary to send men up there to harvest, cut, and pick it and get it to the factories.

Senator SIMMONS. That makes a decidedly superior article?

Mr. DAMMEYER. It makes a superior article to the Japanese grass rug, and, as I have said before, a rug that will wear twice as long as the Japanese rug.

Senator SIMMONS. You do not manufacture in this country rugs made either of Japanese grass or of Japanese rice straw?

Mr. DAMMEYER. No, sir; not to my knowledge.

Senator WATSON. Do you know how much it costs to make it in competing countries?

Mr. DAMMEYER. I have given the figures in the brief.

Senator McCUMBER. The witness has already gone into the question of what it costs in Japan.

Senator WATSON. All right. I will read the testimony.

Mr. DAMMEYER. I just want to say briefly that when the last tariff law was written there was nothing inserted which could be construed to apply to Japanese grass rugs or rice-straw rugs, but when the first importation came in the importer applied it to that particular clause known as paragraph 273, wherein the duty was 30 per cent, and entered it before the appraiser in the port of New York, and his article was assessed at 30 per cent ad valorem duty, but when it went to the board the final decision was that the 2½ cents a yard duty should apply, the same as applied to the common straw matting of which this is a sample [indicating]. This common China and Japan matting is not in competition with our grass rugs, except in an extremely remote way. We are not concerned about that at all, but we are concerned about this other Japanese rug known as the rice-straw rug, which comes in under the same duty of 2½ cents a square yard as this common matting. It really never was intended, when paragraph 272 was written, that this Japanese rice-straw rug should come in for 2½ cents, but there was a joker in the bill, and as a consequence the Japanese industry in these rice-straw rugs has become so tremendous that the domestic manufacturer is out of business to-day. The Willow Rug Co. has been out of business for over eight months.

Senator McCUMBER. Do you have different grades of these grass rugs and different values?

Mr. DAMMEYER. We have two grades, one known as the Willow rug, which I showed you here a while ago, which is known as the standard weave, against which the Japanese rug is in direct competition. We also have a higher grade rug known as the Art rug, of which some small quantity is made. It is a high-grade rug which is bought by discriminating buyers who want quality and art.

Senator SIMMONS. Do you make a floor matting out of the same material that you do a rug?

Mr. DAMMEYER. Not this particular rug, but we do that with the Willow rug, the standard weave. We make a matting in 36-inch width, 24-inch width, 27-inch width, also four-quarter and six-quarter widths. Some manufacturers make it 72 inches wide. Of course, it can be made up to the width of the loom. The rug itself is simply the grass carpet cut off to the length of the rug. Originally it is all made in continuous lengths.

Senator McCUMBER. Does the Japanese rug, the wearing quality of which is only 50 per cent of that of the American rug, constitute a serious competitor with the more valuable American rug?

Mr. DAMMEYER. It does, in the sense that there are so many of them sold at a low price that it has shut off the entire American industry. We can go beyond the grass-rug industry and say the importation of the Japanese rice-straw rug, because of its low price, is hurting the business of fabric rugs generally.

Senator McCUMBER. It is used as a substitute, and would therefore take the place of something of a higher class, whatever its make was. Do you have a market for the higher grade rugs?

Mr. DAMMEYER. There is not a large market for the domestic high-grade grass rugs.

Senator SMOOT. That means that the American people have not yet learned that the American rug is 100 per cent better than the Japanese rug.

Mr. DAMMEYER. And it is very hard for the consumer, who does not know the difference from the appearance, when he looks at the two rugs, to realize the difference. When he is asked to pay $8.62 for this rug and $3.42 for this rug [indicating], a difference of about $5.30, he is going to buy this cheaper rug. A man who understands the construction of these rugs and knows what they are made of and how they are made knows that the consumer will get twice as much wear out of a domestic rug as out of a Japanese rug, but the ordinary consumer will not realize that. The great serious competition is in the like appearance of the two rugs, and that is why, as I said, we must have a sufficient duty that will cover the difference in the price of a Japanese rug, so that we can continue to exist.

I would like to say, in conclusion, that on December 6, 1921, a transaction was made with a dealer (who never before had handled any grass rugs except of domestic make) at a price of $3.30 net for a 9 by 12 Japanese grass rug f. o. b. said dealer's town (to which town freight of $2.55½ per hundredweight would apply) for a shipment of domestic grass rugs from the factory. Two carloads amounting to about 26,000 square yards were involved. The freight alone equals 70 cents on each 9 by 12 domestic rug in carload shipments, or 91 cents in less than carload lots.

On December 10, 1921, I learned in Chicago that seven carloads were sold at approximately the same price f. o. b. Chicago, five cars to Sears, Roebuck & Co., and two cars to the Boston store.

In Chicago alone it is alleged that one import representative has sold approximately 25 carloads of Japanese grass (rice-straw) rugs for delivery early in 1922 for the spring of 1922 business. The firm who bought the two cars stated that it was doubtful if they would purchase any domestic grass rugs this coming year. This shows clearly that the Japanese rice-straw rug is crowding out the domestic grass rug.

I would like to submit the brief I referred to at the beginning.

Senator McCUMBER. All right.

BRIEF OF HENRY A. DAMMEYER, REPRESENTING THE GRASS AND FIBER RUG MANUFACTURERS' ASSOCIATION.

Cost of Lenox rug, imported by the wholesale import department of W. & J. Sloane, New York, the best and most costly of the various "standard" Japanese figured rice-straw rugs (commonly known as grass rugs), imported size, 9 feet by 12 feet.

Calculation on a basis of six rugs to a bale. First column of figures shows cost on present rate of duty, 2½ cents per square yard. Second column of figures shows cost on proposed rate of duty, as recommended by the Congressional Ways and Means

Committee, namely, 26 per cent of American value of comparative and competitive rugs size 9 feet by 12 feet, i. e., "Willow." "Waite." "Deltox." and "Crex," based on the lowest present net wholesale selling price of the four makes named, which is $8.62.

	Yen.	Yen.
First cost	26.40	26.40
Packing charges	2.75	2.75
Inspection, one-fourth of 1 per cent	.06	.06
	29.21	29.21
Commission, 6 per cent	1.75	1.75
	30.96	30.96
Exchange, at 48½ cents	$15.01½	$15.01½
Duty, present rate	1.80	.....
Duty, proposed rate	.....	13.45
Ocean freight, at 50 cents per hundredweight	.70	.70
Rail freight, at $2	2.80	2.80
War tax, 3 per cent	.08½	.08½
Insurance, four-fifths of 1 per cent	.12	.12
Cost of 6 rugs	20.52	32.17
Cost of 1 rug	3.42	5.36½

Differential in costs are shown below—as reflected by the present duty, the duty recommended by Congress, and the now proposed duty of 4 cents per square foot recommended by the Grass and Fiber Rug Manufacturers' Association—all in favor of the Japanese rug.

	Japanese rug.	Domestic rug.	Difference.	Per cent (approximate).
Cost, based on present duty	$3.42	$8.62	$5.20	60½
Cost, based on duty recommended by Congress	5.36½	8.62	3.25½	37 7/16
Cost, based on duty now proposed	7.44	8.62	1.18	13¾

At the differential of $1.18 per rug, in favor of the Japanese article, the latter will sell at retail $1.75 less than the domestic grass rug and this will mean the sale of the Japanese rug in much larger volume than the domestic grass rug with consequent uninterrupted importation of the Japanese rug, but will at the same time afford an opportunity for probable existence of the American grass-rug industry.

Allowed only the rate of duty recommended by Congress—the American grass-rug industry can positively not resume operation and must needs go out of existence—thereby causing serious attendant loss to American capital and labor.

STATEMENT OF F. E. CARSTARPHEN, NEW YORK CITY, REPRESENTING GRASS AND FIBER RUG MANUFACTURERS' ASSOCIATION.

Mr. CARSTARPHEN. Mr. Chairman, in order that you may appreciate why we want this change, I wish to call your attention to just how the law stood before the Fordney bill made this contemplated change. In the bill of October 3, 1913, paragraphs 272 and 273 provided as follows [reading]:

272. Floor mattings, plain, fancy, or figured, including mats and rugs, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substances, including what are commonly known as China, Japan, and India straw matting, 2½ cents per square yard.

273. Carpets, carpeting, mats, and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), 30 per centum ad valorem.

At that time, we believe, the tariff makers intended that the ordinary mat made from a quality of straw matting such as you might term common straw was meant to come in at 2½ cents per square yard.

The 30 per cent ad valorem clause was intended to apply to rugs that since have been coming in in such great quantities in competition with our rugs. Statistics will show that paragraph 273, which provides 30 per cent ad valorem, has become practically a dead letter upon the statute books, and that from the start the importer brought in from Japan these rugs which are now in competition, this kind of rug that we showed you. The straw matting comes in practically free and is not the kind that is competing with us.

These rugs of this different kind which are competing with our rugs have been able to compete because of the enormous advertising that the American industry has done, which created a desire for this class of rugs, and these Japanese rugs are coming into this country at an enormous loss of revenue to the United States Government and in absolute competition with the rug that we make, and, as Mr. Dammeyer has said, that rug they can lay down in the United States at any common overland point at $3.42 for a 9 by 12 rug, whereas the average cost of a 9 by 12 rug of American manufacture is $8.35. Our local industry here has grown, and the Grass and Fiber Rug Manufacturers' Association contains four of the largest grass-rug manufacturers in the country, the Crex Carpet Co., the Deltox Grass Rug Co., the Willow Rug Co., and the Waite Grass Carpet Co., and five fiber-rug manufacturers, the Hodges Fiber Carpet Co., Bozart Rug Co., Patchogue-Plymouth Mills Corporation, Harvey Fiber Carpet Co., and Bradley Rug Co. The grass-rug and fiber-rug manufacturers are joining hands against the common enemy, although they are in absolute competition with each other daily; but they have realized that the thing which is annihilating their business is this Japanese competition, under which rugs are permitted to be brought into this country with their low costs, and this misapprehension about the tariff duties, and they realize that they can not compete with them.

I want to say to you that if this rug that they can lay down at less than half it costs us to manufacture a rug, and looking like our rug, was sold to the public as fairly competing with our rug we would feel differently, but they come in through the ports of this country with flimsy little labels that only stay on long enough for them to pass the customs authorities. They get pulled off the rugs, and these Japanese rugs are then mixed among domestic rugs, and I have one exhibit which I wish to show you where a man advertised in the New York Evening Telegram that he had $65,000 worth of rugs for sale, among them Crex rugs, 9 by 12, to sell at a sacrifice at $5.25. He had one rug only which was made in the United States, and the rest of them which he was selling were rice-straw rugs made in Japan. I have brought down one of them to show you. It is a Japanese rice-straw rug and is an exhibit in a suit, so I will have to take it back. He sold that as a Crex rug.

You might ask why somebody would come in and buy that as a Crex rug. The public have read this enormous amount of advertising for years which the Crex people have been putting out. The public know it is a good thing, and naturally they think they are getting a Crex rug. That is one of the instances where it is directly competitive. There was imported at Boston a year and a half ago from Japan rugs labeled "Japanese crex." Crex is a trade-mark registered in America and Japan, and there can be no such thing as "Japanese crex."

Mr. Waite found that there was a consul in Kobe, Japan, who was permitting consular invoices to be filed wherein Japanese rice-straw rugs were permitted to be sent over as grass rugs, because some of the clerks did not know the difference. These Japanese rugs are not grass rugs; they are made of straw. See what happens to them [illustrating by breaking the strands]. The rugs that we make are of wire grass and have a strand of considerable tensile strength properly woven, giving a great deal more durability to the rug.

While ours is an infant industry, and while the capitalization of all our companies perhaps is not over $10,000,000, still that gives employment to several thousands of men and women. It is a hundred per cent American industry. It created something out of nothing. It went into Wisconsin and Minnesota and used wire grass and employed farmers to gather it and send it to be manufactured into a first-class floor covering that supplied a popular need. It was advertised enormously by this industry, and what has happened? The Japanese take our designs and imitate us as closely as they can and get the benefit of a misclassification under, or misapprehension of, the tariff law and bring their rice-straw rugs in to compete with our industry. During the war the Pacific ports were filled with rugs from Japan which came in competition with our rugs.

As far as labor is concerned, we out in Minnesota and Wisconsin are under legislative minimum-wage law schedules. We pay the women 25 cents an hour wages, and 28 cents on piecework. We pay the men 31½ cents an hour, on the average, and we paid weavers, spinners, etc., from $3 to $4, and some other employees from $4 to $4.50 a day. Our factories have to be sanitary, under legislative enactment. We have to have the investment of overhead to carry on this work, and we have to maintain New York offices for selling, etc. As against that contrast the Japanese situation.

Senator DILLINGHAM. What are your wages at the present time compared with wages during the war?

Mr. CARSTARPHEN. Our wages are somewhat less now than during the war.

I have quoted from statistics given by the president of one of our concerns within the last few weeks, as of December 1. They are the wages we paid. We have tried very hard to get exact figures on Japanese labor costs; we have examined consular reports and reports of the Bureau of Commerce, and reports of the Navy Department, etc., and we have found that before the war there were times when weavers were paid as low as 13½ cents a day in Japan, and we found that a woman working two hours in a grass-rug factory in the United States earns as much as an artisan working the entire day in Japan, and a man working one and one-half hours is paid as much as a Japanese artisan is paid for one day's work.

Senator SMOOT. Has this business increased in the United States since 1909?

Mr. CARSTARPHEN. Oh, yes; very much, under the 1913 law. As I said before, there was a joker in the bill and they took advantage of that and we could not get any relief through administrative enactment. It went along through the different administrative departments and the Board of General Appraisers, and the Japanese changed their methods of manufacture to meet each decision, and we got no relief.

Senator SMOOT. Mr. Carstarphen, is the proposed amendment offered by the former witness satisfactory to you?

Mr. CARSTARPHEN. Yes, sir; the proposed amendment is one that has been arrived at as the result of a conference between eight or nine members of our association.

I want to show you a catalogue of grass rugs gotten out by a Japanese importing concern of New York which does not put its name on the outside, but stamps it with a rubber stamp inside. There are some of the designs [indicating]. One of the largest department stores in New York wrote the Crex Carpet Co. quoting to them a letter from a company in Japan offering to sell that department store Crex rugs at a price cheaper than we could produce them and the department store asked why we could not take care of a situation of that kind. We investigated 65 stores in Philadelphia, and 30 of them were selling Japanese rice-straw rugs to the public as a rug of our kind.

We can not get relief because we have no adequate remedy at law.

There was a survey made by the Tariff Commission, in which we offered our cooperation in every way, and it was a most extensive and comprehensive report. You will find that a most interesting and succinct account of the entire subject, a public document, the report of the tariff survey, which will be in your files.

By reason of the present law the Government has lost millions of dollars in revenue and the American grass-rug industry has been almost put out of business.

Senator SIMMONS. What were the importations in 1920?

Mr. CARSTARPHEN. Twenty-three million yardage. The importations for the last half of 1918 of matting, mats, and rugs, amounted to 12,352,422 square yards, a larger amount than was imported during the entire preceding 12 months. The number of square yards imported in 1919 amounted to 14,671,075, and in 1920 they amounted to 23,190,717. The value of importations for the last half of 1918 was $2,077,242; in 1919, $3,598,058; in 1920, $6,880,237. The values per square yard were as follows: Last half of 1918, $0.1681 per square yard; 1919, $0.2452 per square yard; 1920, $0.2966 per square yard.

The amount of duty collected for the year 1918 at 2½ cents per square yard amounted to $286,555; for 1919, at 2½ cents per square yard, $342,431; in 1920, at 2½ cents per square yard, $550,870. The duty collected in 1918 represented 16.6 per cent on the ad valorem duty on the importations; in 1919, 10.4 per cent; in 1920, 7.9 per cent.

Assuming that the importation of Japanese grass rugs, so called, shall be reduced by 50 per cent of the imports for the year 1920, and assuming that this association's request for a duty of 4 cents per square foot be granted, the United States Government would benefit enormously by increased revenues.

Senator SIMMONS. Your figures do not agree with the figures given by the Monthly Summary of Foreign Commerce.

Mr. CARSTARPHEN. Senator, we have taken our figures from Government publications and other reports that we could get hold of.

Senator SIMMONS. In 1919 the amount is given as 11,083,334; in 1920, 20,885,951, for 10 months.

In 1921 there were only 8,023,565. That is less during the first 10 months of 1921 by nearly 3,000,000 than in 1919, and less by 12,000,000 than 1920.

Mr. CARSTARPHEN. Senator, as you say, 1920 was for 10 months, and I have given 12 months as 23,000,000.

Senator SIMMONS. I have given the figures for the three years for the first 10 months of the last three years, 1919, 1920, and 1921.

Mr. CARSTARPHEN. We have taken the figures from Government publications.

Senator SIMMONS. The official figures show that in 1921 the importations were about 8,000,000, 12,000,000 less than in 1920 and 3,000,000 less than in 1919. They are decreasing instead of increasing.

Mr. CARSTARPHEN. I am very glad you brought up that point. They went back in 1921 from the twenty-odd million of 1920 to something like eight or nine million. During the same period, and in order to contrast these things—and I will say that I did not receive the 1921 figures until I got to Washington this morning—in the same period the domestic production of grass rugs went from 4,000,000 square yards to 1,000,000 square yards. So if you will just follow those proportions you will see what the situation is.

Senator McCUMBER. How do you account for the decrease in consumption?

Mr. CARSTARPHEN. We account for that in several ways. In the first place it is possible that the public has been fooled quite a lot by the Japanese rugs and have taken them for real Crex rugs because of the design; and, in the second place, the foreign rugs are sold mixed with other stuff and are competing with us in a way that we can not meet; but principally because of a flood of rice-straw rugs at such low prices.

Senator SIMMONS. I want to call your attention to the fact that these have been falling off ever since 1910. I want to read you the importations, and maybe you can explain them.

In 1910 there were 28,000,000 square yards. I will not read the other figures, but just the millions.

In 1911 there were 26,000,000 square yards; in 1912 there were 25,000,000 square yards; in 1913 there were 21,000,000 square yards; in 1914 there were one million and odd, set forth in one place——

Mr. CARSTARPHEN. We have 26,000,000 in our figures.

Senator SIMMONS. That was a change in the tariff. Under one tariff it was 1,000,000 and under the other, 24,000,000; in 1915 there were 19,000,000; in 1916 there were 14,000,000; in 1917 there were 15,000,000; in 1918 there were 11,000,000; and I just gave you the 1919 and 1920 and 1921. So there seems to have been a falling off in these importations.

Mr. CARSTARPHEN. We had a falling off during war times.

Senator SIMMONS. That was before that.

Mr. CARSTARPHEN. In 1914 it reached the peak.

The law changed, and they commenced to import a class of rugs that they had not brought in previously; this higher value stuff got in at 2½ cents a yard, and from that time it commenced to go down, and then we find that in 1920 it goes up to over 23,000,000 square yards. All of these figures you gentlemen can obtain from sources that we can not reach. Of course, we are bound by your figures.

Senator SIMMONS. War did not interfere very much with importations between Japan and the United States?

Mr. CARSTARPHEN. No. As a matter of fact, as I said before, the Pacific ports were congested with stuff coming in from Japan at 2½ cents a yard, and we are trying to show you the condition of our industry. We are not sufficiently protected by 26 per cent ad valorem on the basis of American valuation. I do not know whether the American valuation plan will prevail or not. We require a higher duty than in 1909 because of conditions that have arisen in the industry since the passage of the law of 1913. In 1909 they were only sending to this country these clippings from matting. This new development was an outgrowth of the 1913 tariff law. We have the labor cost against us. We believe in our industry that it is very difficult to get the protection by any ad valorem duty. That is why we have come to the conclusion and asked you to give us a specific duty.

I was talking to Mr. Waite, who intended to be here, and was here last Thursday, but could not be heard at that time, and he used the term that it meant the annihilation of the industry if present conditions continue. All of the grass-rug men feel that way, and the fiber men feel that way, too. They have tried their hardest to build up a new industry, and on every theory of a protective tariff certainly this kind of an industry should receive adequate protection. We do not fear the common China and Japan straw mattings which come in. Let them come in, but we can not compete with these Japanese rugs which are imitating our grass rugs.

Senator SIMMONS. You want us to protect the people against importation by imposing a tariff?

Mr. CARSTARPHEN. Yes. Our rugs cost us $8.35, and theirs cost $3.42, and they can lay this rug down here at that price, because they have the advantage of an enormously cheap labor. They have to pay only 2½ cents a square yard duty. They have designs which copy ours, and it is hard for the layman to tell them apart.

Senator SMOOT. Do you mean to say no one can tell the difference in quality?

Mr. CARSTARPHEN. It is not a question of quality.

Senator SMOOT. I can tell the difference in quality across the room.

Mr. CARSTARPHEN. These samples that we bring, of course, are not the regular size. The regular size is 9 by 12.

Senator SMOOT. There certainly is a difference.

Mr. CARSTARPHEN. Of course, if you will look at the rugs here you will very quickly see the difference in quality. Look at the straw here [indicating]. This one is wire grass with a certain tensile strength.

We have here the president of our association, if you wish to ask him any questions.

Senator McCUMBER. He would only cover the same ground that you have covered.

Mr. CARSTARPHEN. Practically. We have all talked these things over, and Mr. Dammeyer and myself have pointed out our position.

Senator SIMMONS. Your idea is that we ought to put a duty on this inferior Japanese product so as to make it impossible to sell the inferior product at less than you sell the superior product?

Mr. CARSTARPHEN. On these rugs that compete with ours we want proper protection.

Senator SIMMONS. You want to make the people pay more for this cheap stuff?

Mr. CARSTARPHEN. Oh, no; quite the contrary on this matting. On these rugs made of clippings from matting we do not want protection. It is on these rice-straw rugs which compete with our rugs that we are asking the imposition of an adequate duty.

Senator SIMMONS. You can see that the people have not sufficient discrimination to distinguish one from the other, but you say to let it come in and take the money and let the people be victimized, but that you must bring the price of the inferior article up to practically the same as the price of the superior article that is your product?

Mr. CARSTARPHEN. May I answer you now, Senator?

Senator SIMMONS. Certainly.

Mr. CARSTARPHEN. You say that what we are asking you to do is to let this come in and allow the people to be victimized. I answer no to that.

Senator SIMMONS. Then if the American people desire an inferior article for one which you produce, and you do not furnish it to them, you are willing that they should have the opportunity to purchase it from the foreigner?

Mr. CARSTARPHEN. Yes. Let them buy the cheap mats at the cheap price, but do not let them be bamboozled into believing that they are getting a Crex rug. Do not allow them to fool the people with rugs that will not last half as long as our rugs. Do not let the people pay for an inferior article which they think is equal to our product and also let the Japanese victimize us.

Senator SMOOT. Do you mean to tell the committee here that the wholesaler in this country can sell rugs imported from Japan as Crex rugs without violating the laws now on the statute books?

Mr. CARSTARPHEN. Oh, no.

Senator SMOOT. Then what more law do you want?

Mr. CARSTARPHEN. I will go, not before this committee, but ultimately before the Judiciary Committee, or whatever committee has charge of the matter, and ask for a law that will adequately protect us in the matter of marking and labeling.

Senator SMOOT. That comes before this committee; not before the Judiciary Committee.

Mr. CARSTARPHEN. If it comes before this committee, I will say to you, as I said before the Ways and Means Committee, that the trouble with the law is that there is a hole in it so wide that you could jump a horse through it.

Senator SMOOT. The law was enacted to meet exactly this situation.

Mr. CARSTARPHEN. But the law does not meet the situation. I have 50 cases reported to me in the United States involving the violation of the law. We can not go into every little country town and get an injunction. We must pay the penalty for this unfair competition, and what we are asking for is that degree of protection that will enable the industry to live, and under the present law we can not compete with the Japanese.

Senator SMOOT. You say that if the committee will do what you want them to do the people will not buy any Japanese rugs. The only thing would be an embargo.

Mr. CARSTARPHEN. I beg to differ with you, Senator. I would be very glad to have them buy the matting stuff as mattings and pay a low price for them, but let these rugs that are imitating our rugs and competing with our rugs pay a rate that will permit our industry to live.

Senator McCUMBER. I think we understand what you mean.

Senator SIMMONS. In connection with the statement of this witness, I want to read something into the record here. I have not quite understood the witness with reference to percentages and jokers and things of that sort, but in order that it may appear that there is no joker about this business, I want to read from the statistics on imports and duties, and official documents:

In 1910 the rate was 3½ cents per square yard; the ad valorem equivalent was 50 per cent, and the highest importations since 1919 were in that year. The next highest rate was in the next year, when the specific rate was the same, and the ad valorem was 49.17 per cent.

In the next year, 1912, the specific rate was the same, and the ad valorem 51.56.

Senator McCUMBER. You mean it is a specific duty of 3½ cents.

Senator SIMMONS. Yes; upon the importations of that year, and I gave the ad valorem equivalent.

Senator McCUMBER. The ad valorem equivalent would make the value 1¾ cents per square yard?

Senator SIMMONS. No. The ad valorem equivalent of the duty, 50 per cent.

Senator McCUMBER. The specific duty was 3½?

Senator SIMMONS. Yes.

Senator McCUMBER. And that is equivalent to an ad valorem duty of 50 per cent?

Senator SIMMONS. No; 50.9.

Senator McCUMBER. If 50 per cent was added to the specific duty——

Senator SIMMONS. It did not add it, but the specific duty resolved into this ad valorem equivalent would have been 50 per cent.

The highest importations came in under that rate. In 1912, with the same specific rate and the 51.56 equivalent, the importations were 25,000,000. I will not read the table, but I will give it to the reporter to be inserted in the record.

(The table referred to is as follows:)

Fiscal years.	Rates of duty.	Quantities.	Values.	Duties collected.	Value per unit of quantity.	Actual and computed ad valorem rate.
		Sq. yds.				*Per cent.*
1910	3½ cents per square yard	28,061,912	$1,956,979	$982,167	$0.069	50.19
1911	do	26,854,942	1,911,518	939,923	.071	49.17
1912	do	25,787,752	1,750,618	902,571	.068	51.56
1913	do	21,100,148	1,513,221	738,505	.072	48.80
1914	do	1,383,020	102,724	48,405	.074	47.12
	2½ cents per square yard	24,631,001	1,923,502	615,775	.078	32.01
1915	do	19,574,076	1,532,290	489,351	.078	31.94
1916	do	14,345,975	1,260,534	358,649	.088	28.45
1917	do	15,275,705	1,835,304	331,892	.120	20.81
1918	do	11,462,182	1,725,458	286,554	.151	16.61
1919		11,083,334	2,703,892			
1920		20,885,951	6,158,347			
1921		8,023,565	1,864,448			

Mr. DAMMEYER. There was a statement just made by Mr. Carstarphen that the wages in Japan rose as high as $3 a day.

Mr. CARSTARPHEN. I did not say $3. I said $1.50; 3 yen.

Mr. DAMMEYER. There is another question I would like to speak about. Prior to 1913, when the Underwood tariff law was written, applying 2½ cents a yard on all matting, which later was applied to rice-straw rugs, there came into this country only the cheaper mattings, such as the ones that were displayed here. That business in times gone by was a tremendous industry. I was selling matting myself in the Southern States and in Texas, and we thought nothing then of taking orders for 3,000 to 10,000 rolls of matting. The straw-matting industry has died down, and that is the reason the figures are reflected as shown in the report read by Senator Simmons. While common Japanese matting importations decreased from 1910 until 1920, it does not reflect the fact that importations of rice-straw rugs decreased. On the other hand, while the Japanese straw matting decreased in importations from 1910 to 1920, Japanese rice-straw rugs increased in importations from 1913 to 1920. Even before 1913, the year when Japanese rice-straw rugs first came in, importations of common straw matting decreased each year from 1910 on.

Senator SMOOT. It is shown in the figures here that in 1910 the actual ad valorem rate of duty was 50.19, whereas in 1918 the duty was 16 per cent.

Mr. DAMMEYER. From 1910 on the importations of cheap Japanese straw mats decreased tremendously, due to various conditions in this country.

BRIEF OF F. E. CARSTARPHEN, REPRESENTING THE GRASS AND FIBER RUG MANUFACTURERS' ASSOCIATION.

We respectfully submit this memorandum with reference to certain paragraphs of tariff bill H. R. 7456 now before you for consideration and in which members of the Grass and Fiber Rug Manufacturers' Association are vitally interested.

The law as it stood in the bill of October 3, 1913:

"PAR. 272. Floor mattings, plain, fancy, or figured, including mats and rugs, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substances, including what are commonly known as China, Japan, and India straw matting, 2½ cents per square yard."

"PAR. 273. Carpets, carpeting, mats, and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), 30 per centum ad valorem."

"PAR. 300. Carpets of every description, woven whole for rooms * * * 50 per centum ad valorem."

"PAR. 368. Manufacturers of * * * grass * * * straw, * * * or of which any of them is the component material of chief value not otherwise specially provided for in this section, shall be subject to the following rates: Manufacturers of * * * grass, straw, and weeds, 25 per centum ad valorem; * * * The terms 'grass' and 'straw' shall be understood to mean these substances in their natural state, and not the separated fibers thereof."

That this amounts to no protection whatever is demonstrated by the fact that under above rate of duty a 9 by 12 foot Japanese rice straw rug, imported into this country at a landed cost of $3.12 pays a duty of 30 cents only, making total cost to importer $3.42, is offered for sale in competition with a domestic rug, which domestic rug's average actual cost to the manufacturer is $8.35 to make. This situation leaves the United States manufacturer helpless. Even the relief promised by the proposed Fordney Act does not increase the protection substantially.

The recommendation of the Tariff Commission with reference to a change in the law of 1913, after a survey that had been made by said commission on the initiative and at the request of the Grass & Fiber Rug Manufacturers Association was:

"The following provision is suggested by the Tariff Commission as a means of covering the two main classes of imported straw floor coverings: 'Common China, Japan, and India straw matting, and floor coverings made therefrom (duty); all other floor coverings not specially provided for in this section (duty).'"

(Page 11 of Floor Coverings Other Than Wool of Tariff Information Surveys, prepared by the United States Tariff Commission, and printed for use of the Committee on Ways and Means, House of Representatives.)

The Fordney tariff bill of 1921, which was passed by the House of Representatives and sent to the Finance Committee of the Senate, deals with the above subject as follows:

"PAR. 1020. Common China, Japan, and India straw matting, and floor coverings made therefrom, 3 cents per square yard; all other floor coverings not specially provided for, 26 per centum ad valorem."

"PAR. 1118. All other floor coverings, including mats and druggets, not specially provided for, composed wholly or in part of wool, whether or not constituting chief value, 2 cents per square foot and, in addition thereto, 25 per centum ad valorem.

"Parts of any of the foregoing shall be dutiable at the rate provided for the complete article."

The Grass and Fiber Rug Manufacturers' Association would like, in lieu of above paragraph 1020, the following:

"Common China, Japan, and India straw matting, and floor coverings made therefrom, 3 cents per square yard; rugs made of rice straw or any similar material, commonly known as grass rugs, and all other floor coverings of like character and description, not specially provided for, 4 cents per square foot."

Our reason for asking a specific instead of ad valorem duty is that it prevents foreign price manipulation and avoids questions arising as to foreign values, and also if an importer and manufacturer knows that a specific duty prevails it enables continued certainty of operation of his plant. If, however, a specific duty be imposed, we suggest that if the American valuation plan is the basis, then there should be an ad valorem duty of 50 per cent. If not, and we go back to the foreign valuation plan, we ask for a duty that would be equivalent to 50 per cent under the American valuation plan.

The Grass and Fiber Rug Manufacturers' Association comprises: Bozart Rug Co., Springfield, Mass.; Bradley Rug Co., Plymouth, Mass.; Crex Carpet Co., St. Paul, Minn.; Deltox Grass Rug Co., Oshkosh, Wis.; Harvey Fiber Carpet Co., Philadelphia, Pa.; Hodges Fiber Carpet Co., Indian Orchard, Mass.; Patchogue-Plymouth Mills Corporation, Lawrence, Mass.; Waite Grass Carpet Co., Oshkosh, Wis.; Willow Rug Co., Green Bay, Wis.; and the National Fiber Co., Neenah, Wis.

Of the foregoing companies:

	Capitalization.
Crex Carpet Co	$3,000,000
Deltox Grass Rug Co	1,000,000
Willow Rug Co	300,000
Waite Grass Matting Co	250,000
Total	4,550,000

make practically all of the grass rugs manufactured in this country.

Hodges Fiber Carpet Co	$1,000,000
Bozart Rug Co	2,000,000
Patchogue-Plymouth Mills Corporation	1,700,000
Harvey Fiber Carpet Co	500,000
Bradley Rug Co	60,000
Total	6,260,000

make 90 per cent of our entire output of carpets and rugs of fiber and of wool and fiber.

The grass rugs are made from a wire grass that grows in swamps or marsh lands, which lands prior to the inception of the grass-rug industry were of little or no value; they were unsuitable for grazing and could not be cultivated, because of the practical impossibility of draining the land and clearing off the wire grass. By their use of this wire grass the domestic grass-rug manufacturers have absolutely created values which did not exist before. Since the four companies above mentioned began operations the lands above described have increased in value from $2 or $3 per acre to from $25 to $30 per acre.

The United States grass-rug companies, when in full operation, employ about 1,500 men and women in the grass fields and 1,000 men and women in the factories, and paid annually about $1,000,000 in wages. They use in the manufacture of their products goods produced in this country of the value of over $1,000,000, being the largest users of paint and cotton warp yarn in the Northwest.

The companies are also heavy users of magazines and newspapers for advertising and pay thousands of dollars as freight.

One of the most important facts in connection with the domestic industry is the employment it gives to labor. Just as the rugs are made principally from material which was of no value prior to the beginning of the industry, so a considerable portion of the labor used in the production of grass rugs is new labor in the sense that prior to the grass-rug industry there was no opportunity for its employment. This is true because the farmers who cut the grass for the grass-rug manufacturers do the work at a time between their seeding and harvesting, when otherwise they would have nothing to do, so that their earnings from this source are absolutely a net gain to them.

The domestic grass rugs possess many excellent qualities. They are of smooth finish and reversible and can be made in many widths and any length up to 150 feet. These rugs are made up in great variety of design, one manufacturer alone having put out over 7,000 combinations of weaves, sizes, designs, and colors. The domestic manufacturers have been untiring in their efforts to improve their product and adapt it to its purpose.

A most noteworthy and unusual fact in connection with grass rugs is that the term "imported" in respect to such rugs means and is recognized to mean an inferior grade of rug, the domestic rug being distinctly the superior product. Ordinarily when a dealer offers or advertises any article as imported he does it for the purpose of indicating merit superior to the domestic article, but this condition is absolutely reversed so far as grass rugs are concerned, and one of the consequences is that the dealers try to sell the imported rugs as domestic rugs. It is no small triumph for the domestic manufacturer to have completely reversed the usual conditions.

The grass rugs manufactured in this country are in no sense a luxury, but are intended for and used by families of small or moderate means as a substitute for more expensive woolen rugs and carpets. These grass rugs are clean and durable and have added no little to the comfort and attractiveness of American homes. As they have been improved in design and in quality they have become very popular for bungalows and indeed to a considerable extent for country homes everywhere.

All of the above companies are on a strictly competitive basis and have no interlocking directorates.

In the brief submitted by the Grass and Fiber Rug Manufacturers' Association to the Committee on Ways and Means in January last, at pages 116, 117, and 121, are found tables giving the statistics on importations of matting, mats, and rugs from 1904 to June 30, 1918. The figures there given which are referred to in connection with this brief are brought down to date by Exhibits 1, 2, and 3, annexed to this brief.

The importations for the last half of 1918 of matting, mats, and rugs amounted to 12,352,422 square yards (a larger amount than was imported during the entire preceding 12 months). The number of square yards imported in 1919 amounted to 14,671,075; in 1920, 23,190,717. The value of importations for the last half of 1918 was $2,077,242; in 1919, $3,598,058; in 1920, $6,880,237. The values per square yard were as follows: Last half of 1918, $0.1681 per square yard; 1919, $0.2452 per square yard; 1920, $0.2966 per square yard.

Amount of duty collected for the year 1918 at 2½ cents per square yard amounted to $286,555; for 1919, at 2½ cents per square yard, $342,431; in 1920, at 2½ cents per square yard, $550,870. The duty collected in 1918 represented $16\frac{8}{10}$ per cent on the ad valorem duty on the importation; in 1919, $10\frac{4}{10}$ per cent; in 1920, $7\frac{8}{10}$ per cent.

Assuming that the importation of Japanese grass rugs (so-called) shall be reduced by 50 per cent of the imports for the year 1920, and assuming that this association's request for a duty of 4 cents per square foot be granted, the United States Government would benefit enormously by increased revenue. Even if importations were only 20 per cent of the imports for the year 1920, a duty of 4 cents per square foot would produce as much or more revenue as during 1920, when the duty on foreign grass rugs yielded approximately $500,000, or less than 10 per cent of the value of the importations.

If this association's suggested duty of 4 cents per square foot were enacted, and assuming that the importations of Japanese grass rugs might fall off by 50 per cent, the United States Government would then immeasurably benefit in internal revenue by such a change. For instance, the importations of Japanese rugs in 1920 were 24,000,000 square yards; reducing those importations to 12,000,000 square yards at a duty of 4 cents a square foot, the revenue to the United States would be $4,320,000.

In connection with its effort to obtain relief by the imposition of a proper duty, the Grass and Fiber Rug Manufacturers' Association requested the Tariff Commission to make a survey covering the subject, and such survey was made in a wonderfully comprehensive and instructive manner and the result embodied in a publication by the Tariff Commission entitled "Floor coverings other than wool," which issued from the Government Printing Office in January last, and we refer to this as giving in detail the figures bearing on this matter and sustaining all of our contentions.

In order to properly determine the duty that should be imposed upon the foreign product in this connection, primarily and necessarily there must be considered the

wide difference in wage schedules paid in the United States and Japan for the class of labor utilized in the manufacture of the domestic product and the foreign product which is brought into competition with it.

We have endeavored to secure from Consular Reports present wage schedules in Japan, but this has been practically impossible. The Senate Finance Committee will, however, have access to reports of consuls and others, and their experts can make a schedule in this connection. From the best information obtainable by us it is evident that in prewar times weavers were paid as little as 20 cents a day in Japan, and that at the height of the war prosperity in that country the wage increased to 52½ cents a day; that in a Consular Report for December, 1919, it appeared that the average daily wage paid to weavers in Tokyo was 60 cents per day. In a report dated November 15, 1920, headed "Wage decline in Japan," it appears that the reduction of wages in Kobe, as ascertained by the chamber of commerce, averages 15 per cent less for July last than was paid in June, and that this may be taken as a fair estimate for the whole country. If, therefore, a weaver was making 60 cents a day in December, 1919, and there was an average reduction of 15 per cent, it would appear that this artisan receives 51 cents per day.

Contrast this munificent wage paid to the Japanese workmen with the amount paid by the grass-carpet companies under the minimum wage law to women and men working in their factories in Wisconsin and Minnesota. In Wisconsin the minimum number of hours per week is 55 and in Minnesota 49½. The minimum wage to women under this law is 25 cents per hour, running from that up to 28 cents per hour for piecework. The minimum average wage for men is 31 cents per hour. Spinners earn from $3.50 to $4.50 per day, weavers from $3 to $4 per day, and painters from $3.50 to $4.50 per day. In a nutshell, a woman working two hours in a grass-rug factory in the United States earns as much as an artisan working the entire day in Japan; and a man working 1½ hours is paid as much as the Japanese artisan for one day's work.

In the manufacturing plants of the grass-rug companies in this association, in one of the largest we find that about two-thirds of the mill operatives are women and one-third men, and in another of the companies one-third of the mill operatives are women and two-thirds are men. While practically all operatives work upon piecework, their time is fully occupied and they are able to earn the maximum wage. Foremen, skilled mechanics assisting in repairing machinery, etc., are paid a fixed weekly or monthly wage. Members of our association do not think that wages in domestic plants will go materially lower, and, therefore, any tariff based upon wages as they prevail at the present time will be an effective tariff for the year 1922.

Even assuming, however, that the cost of labor will drop somewhat, certainly the proportion of this drop will be no greater than the proportionate drop of the already low labor in Japan.

An important point to be considered by this committee in this connection is that only the heavy work of actual loom weaving is done by men in Japan, and the big bulk of labor is done by women and children, even to the harvesting of rice straw.

An important thing to be remembered is that in the grass-rug industry a vast amount of hand labor is required both in the securing and preparation of the material to be manufactured and in the process of manufacture. While Jacquard and other looms are used largely in the making of carpets, the nature of spinning and weaving wire grass necessitates hand labor to a large extent. The machinery used in the United States in connection with this work is not automatic, and in weaving the shuttles run only two or three minutes and then have to be changed, thereby necessitating hand labor in the manipulation of these shuttles.

The domestic industry is 100 per cent American. It takes the material right from the ground, having even cultivated in swamps the wire grass—afterwards to be harvested, dried, and taken to the mills for manufacture—and from that point on American labor, enterprise, and capital are employed throughout in making a product suitable for the American market. Necessarily, therefore, a large amount of overhead is indispensable in the American manufacture and the marketing of the product. Investments in lands, manufacturing plants, etc., the highest paid labor in the world, huge freight rates, enormous expenses in advertising, making of catalogues, and otherwise attractively creating a field for the product all add to the American cost of manufacture. Furthermore, factories in this country are by law compelled to be conducted in a sanitary manner; the hours of labor are regulated by legislative enactment.

Contrast the domestic with the peasant industry of Japan, where women and children gather the rice straw and in thousands of huts the entire family from the baby to the grandmother assist in preparing the product that is allowed through misclassification and errors in existing tariff laws to come into this country and compete with a high-class American product at a price laid down which is less than half of the actual cost to the American manufacturer to produce his rug, with no profit whatsoever or interest to him on his investment. This deplorable condition, which, if allowed to

continue, will result in the annihilation of these industries which have created something out of nothing and given employment to labor in new fields. makes out a case where under every theory of protection there should be accorded to these infant industries an amount of duty upon the foreign product that will stamp out the present unfair and unjustifiable competition of the cheap Japanese product with the high-class American product for which the Japanese rugs are not offered as being "just as good" but flagrantly and under false pretenses are sold to the unsuspecting consumer as a substitute for the American product or, in fact, as the American product itself. The tariff laws as they are now written do not offer relief because paragraph 273, which provided for 30 per cent ad valorem duty, has become a dead letter upon the statute books owing to the Japanese bringing in their product under paragraph 272 at a yardage rate which was meant only to apply to common Japanese and Chinese mattings or clippings of mattings. The administration of the customs under the rules and regulations of the Treasury Department can not offer relief.

An appeal was made to the Tariff Commission for a survey and to the Ways and Means Committee for the enactment of new law because of the futility of endeavoring to obtain relief under the administrative officers of the United States Treasury Department who themselves, we feel, would be glad to have the law clarified to prevent the present miscarriage of justice in the imposition of duties. The United States Government is being deprived of hundreds of thousands of dollars annually that ought to be collected if these foreign rugs were properly classified and a new duty put into effect and enforced that will bring them into proper competition with the American product, all things considered. We are like the person who goes into equity because he has no adequate remedy at law. It is no answer to our plea for a new tariff law that will cover existing conditions to say that one may go into the courts in cases of unfair competititon or may bring injunction actions if goods are falsely labeled. The only remedy that will offer adequate relief is the writing into the new tariff law of a provision that will take cognizance of existing conditions.

I will give some concrete illustrations of unfair competition due to methods employed by manufacturers of the Japanese product, importers thereof, and certain dealers therein, tending to show the necessity of a high protective tariff and proper classification of these rugs to remedy the situation. It is to be noted that the laws at present against unfair competition, violation of trade-marks, etc., do not adequately cover the situation which is one falling more within the purview of tariff legislation than mere remedies at law or in equity, inasmuch as the grass and fiber rug industry in the United States is that sort of an industry which in itself is entitled to protection through every theory of a highly protective tariff.

1. In the Federal courts of the United States for the southern district of New York there is at present pending a suit based upon the fact that a certain dealer using the even unregistered trade name of "Jobbers' Warehouse" had advertised, among other things, Crex rugs and at a price which was less than half of what it would cost the Crex Carpet Co. to manufacture such a rug. Although his books showed that he had sold a number of rugs as the result of said advertisement and had billed same as Crex and carried same on his books as such, he never during the whole time he was advertising had more than one Crex rug in his establishment, and that a second -hand one, but the article he sold was a product known as a rice-straw rug made in Japan.

2. A year or so ago there came into this country at the port of Boston, from Japan, an importation of rugs labeled "Crex." Counsel for this association was able by bringing the matter promptly to the attention of the authorities to have some action taken with reference to this importation. It is to be noted that the term "Crex" is a trade-mark which has been enjoyed by one member of this association for a great number of years and that hundreds of thousands of dollars have been spent in advertising literature to make that name almost a household word. It is obvious that when an inferior product is palmed off on the public—not as being something which is just as good as Crex but as Crex itself—that an imposition is being practiced upon the buying public, and as well is a great hardship on the manufacturer of the Crex rug. It is furthermore to be noted that this imposition is made exceedingly easy due to the fact primarily that while under paragraph 273 of the old law, theoretically at least and we presume actually, it was intended that rugs such as the ones that are being imported from Japan and are in direct competition with Crex rugs and other rugs of local manufacturers should bear a duty of 30 per cent ad valorem. The situation really is that due to the wording of paragraph 272, which provides for a yardage rate for mats and matting, these rugs can be brought into the United States at the rate of 2½ cents a square yard. In other words a rug 9 by 12, which improperly is admitted to this country under the present law at a yardage rate amounting to 30 cents for the whole rug, to wit, 12 square yards at 2½ cents a square yard, should, in our opinion, even under that law, have been classified and borne a duty of 30 per cent ad valorem,

which upon the cost of the rug from Japan laid down in the United States would have produced a duty of about $1.

In other words, as the law stands it is our belief that the Government on that rug is losing 70 cents duty to which it is entitled, entirely irrespective of the fact that even if the full duty of $1 were paid they would still be bringing into this country a rug which due to lack of overhead, no invested capital, small cost of labor, and various other conditions in Japan, can and will continue to be produced at a cost of one-third of what the American manufacturer must pay to produce that article.

Counsel has had it brought to his attention that at various points, oftentimes small towns around the United States, products were being advertised as Crex and grass rugs. Upon investigation these were absolutely proven to be Japanese products. In many instances apologies were made and promises made not to err again; in others litigation was threatened as a result of which the practices were stopped; and in some others litigation was actually instituted. It is our contention that none of these conditions would have become possible had there been a properly worded tariff act giving the protection that is due to the American manufacturers of this grass rug product.

Exhibit No. 1, supplementing Exhibit I of Ways and Means Committee brief.

Year.	Number of square yards imported.	Value of square yards imported.	Increase or decrease over previous year.	Value per square yard.	Increase or decrease over previous year.
1918 (July 1-Dec. 31)	12,352,422	$2,077,242.00	$351,784.00	$0.1681	$0.0176
1919	14,671,075	3,598,058.00	1,520,816.00	.2452	.0771
1920	23,190,717	6,880,237.00	3,282,180.00	.2966	.0514

Exhibit No. 2, supplementing Exhibit I of Ways and Means Committee brief.

Year.	Rate of duty per square yard and ad valorem.	Amount of duty actually paid.	Equivalent to ad valorem duty of—	Decrease in amount of duty from maximum in 1904.	Decrease in per cent from maximum.	Increase or decrease in per cent from preceding year.
	Cents.					
1918 (July 1-Dec. 31)	2½	$308,810.55	$0.14	$1,297,465.23	0.51	.....
1919	2½	375,555.22	.10	1,230,720.56	.41	.....
1920	2½	545,671.42	.079	1,060,604.36	.43	0.02

Exhibit No. 3, supplementing Exhibit III of Ways and Means Committee brief.

TABLE 1.

Year.	Number of square yards imported.	Amount of loss at 1 cent per square yard.
1918 (July 1-Dec. 31)	12,352,422	$123,524.22
1919	14,671,075	146,710.75
1920	23,190,717	231,907.17
Total	50,214,214	502,142.14

TABLE 2.

Year.	Former average ad valorem.	Actual average ad valorem paid.	Ad valorem rate loss.	Value of square yards imported.	Loss in duties.
	Per cent.				
1918 (last half year)	42	.....	.....	.....	.....
1919	42	$0.104	$0.316	$2,598,058.00	$1,136,986.32
1920	42	.079	.341	6,880,237.00	2,346,160.81

Exhibit No. 3, supplementing Exhibit III of Ways and Means Committee brief—Contd.

TABLE 3.

Period.	Square yards imported.	Value of importations.
June 30, 1918, to Dec. 31, 1920	50,214,214	$14,555,537

STATEMENT OF J. M. MacDONALD, REPRESENTING THE ASSOCIATION OF IMPORTERS AND DISTRIBUTORS OF JAPANESE AND CHINESE FLOOR COVERINGS.

Mr. MacDonald. I represent the Association of Importers and Distributors of Japanese and Chinese Floor Coverings, which these gentlemen have just been telling you about.

Senator Smoot. You are an importer?

Mr. MacDonald. Yes, sir.

Senator McCumber. Proceed.

Mr. MacDonald. I have a brief, and I do not want to take too much of your time, but there are a few points brought out by these gentlemen who have just been speaking that I would like to refer to. One was they referred to the question of Japanese labor cost. I would like to point out that, according to the Tariff Commission investigation of 1919, the domestic total labor cost, per rug, was $1.07. The duty they are asking is equivalent to $4.32 for the same rug.

In 1919 their total manufacturing cost was $6.50, including their overhead.

Senator Sutherland. Is that Japanese?

Mr. MacDonald. No, sir; that is the domestic rug. They have just been telling you how hard hit they are. Their total cost was $6.50. Their cost for material and labor was $4.76; they ask you for a duty of $4.32, which is 4 cents per square foot.

There were a number of the points that they brought up which I understand should be taken up with the Federal Trade Commission as unfair competition, and which has nothing to do with the importation of Japanese merchandise whatsoever, and is something that might occur in any line.

Senator Smoot. You are an importer?

Mr. MacDonald. Yes, sir.

Senator Smoot. Do you ask the Japanese manufacturer to put the label on their "Lenox"?

Mr. MacDonald. No, sir; but W. & J. Sloane run that.

Senator Smoot. When the Japanese rugs come over here do you ask the Japanese manufacturer to put the name "Lenox" on them?

Mr. MacDonald. W. & J. Sloane run that. Each firm that brings in goods have their own brand put on.

Senator Smoot. I am perfectly aware of that; that is Sloane's name?

Mr. MacDonald. Yes.

Senator Smoot. Yet anybody buying it in the United States takes it for granted it is Sloane's goods. Did Mr. Sloane request, when the Japanese made those rugs, for the importer here to put the name "Lenox" on them?

Mr. MacDonald. Yes, sir; as I understand it.

Senator SMOOT. And if other people, then, ordering from Japan, had asked them to put the name "Lenox" on those goods, would the Japanese likely have done it?

Mr. MACDONALD. We would not have such a case, Senator Smoot. Each one tries to arrive at a name apart from everybody else. If the name was copyrighted in Japan, they would not use it for others.

Senator SMOOT. If it was copyrighted in this country, would they send it in?

Mr. MACDONALD. In Japan they do not have any record of trademarks registered over here.

Senator SMOOT. They put on whatever mark the importer wants put on there?

Mr. MACDONALD. Whatever they are directed to put on them.

Senator SMOOT. As an importer, have you ever ordered those rugs to be imported here and the name of "Lenox" put on them?

Mr. MACDONALD. Lenox? No, sir. In fact, they made reference to these rugs being marked as "Crex." I myself have lived in Japan, in addition to living on this side, and I have never seen any rugs so marked. Every rug so coming into this country is stopped at the customhouse if it does not have the word "Japanese" on them, and I understand they would also stop it if it was marked with the word "Crex."

There were one or two other points I would like to refer to, and that is the statistics which they have just quoted to you. The Government statistics give for the years 1900 to 1909 the average yearly import of floor coverings from Japan and China as 46,000,000 square yards; from 1910 to 1914 the average figure is 26,500,000 square yards; from 1915 to 1920, inclusive, the average is somewhat under 16,000,000.

It is a steadily decreasing business, and these people come before you and ask you now to put a prohibitive duty on the merchandise. At one-half of the duty they have asked no merchandise will come in here at all. Gentlemen, this duty they have asked for is the equivalent of 50 per cent on the American wholesale selling price. It is about 175 per cent, I estimate, on the foreign cost. We have never paid as much as 35 per cent on the foreign cost before, except when it was in the basket clause.

Senator MCLEAN. You claim this decrease in importation is due to the fact that the mattings, as they call them, have gone out of use; that they have proved unsatisfactory as compared with our manufacture, I assume; that is, they have not worn as they were expected to wear?

Mr. MACDONALD. To some extent, that is true. It is a gradually decreasing business.

Senator MCLEAN. And that large decrease is due to that fact, whereas, on the other hand, the fiber-rug importations have increased?

Mr. MACDONALD. We have no separate figures for the two. Taking it as a whole we arrive at those figures; and those are the only figures we can get of the total importations of floor coverings from the Far East.

Senator MCLEAN. You are not in a position to controvert this statement?

Mr. MACDONALD. I do not see how he can substantiate his statement, because there are no such statistics in existence.

Senator McLEAN. Is it true that these cheap Chinese mattings have largely gone out of favor?

Mr. MacDONALD. I find here that for the year 1920 China matting—they do not make these so-called Japanese rice-straw mattings at all—they had an importation that represented 25 per cent of all that came in during that year; of the 22,000,000 square yards from the Far East at least 25 per cent came from China.

Senator McLEAN. Are the Japanese rugs inferior in quality to the domestic rugs?

Mr. MacDONALD. I think that what Mr. Dammeyer told you is substantially correct. They have about half the wearing quality of the domestic goods, and consequently are not worth much more than half the domestic article. They are asking you to give a duty protection which will make our merchandise, at half of the wearing quality, of necessity, sell for the same price; or, in other words, go out of business. They talk protection and ask prohibition, if I might say so.

With your permission I will just leave this brief and a copy of some earlier briefs which we filed before the Ways and Means Committee.

Senator SMOOT. We have those.

Mr. MacDONALD. They are referred to in this is the only reason I leave them.

Senator SMOOT. We have them all.

BRIEF OF J. M. MacDONALD, REPRESENTING THE ASSOCIATION OF IMPORTERS AND DISTRIBUTORS OF CHINESE AND JAPANESE FLOOR COVERINGS.

We are interested in paragraph 1020 (Schedule 10), page 118, of H. R. 7456, and wish to have paragraph 1020 amended by striking out the words at the end of the paragraph—"26 per centum ad valorem"—and substituting therefor the words "6 cents per square yard."

Paragraph 1020 will then read: "Common China, Japan, and India straw matting and floor coverings made therefrom, 3 cents per square yard; all other floor coverings not specially provided for, 6 cents per square yard."

In the tariff act of 1913 all importations came in under the one classification at 2½ cents a square yard.

In the tariff act of 1909 the classification was different, and what were known as matting in the roll paid 3½ cents a square yard, and anything that was made up in the form of a mat or a rug paid a duty under paragraph 463 of that act at 35 per cent ad valorem as a manufacture of straw not otherwise provided for.

Under this classification if we brought a certain piece of matting over here in a 40-yard roll, it paid duty at 3½ cents a square yard. If this roll were cut into short lengths and made up into mats or rugs, 35 per cent ad valorem was assessed.

We might mention that at the time the 1909 act was brought into force, practically all importation was in rolls of 40 yards, and it was during the period that this act was in force that the buying public began to demand more mats and rugs and less goods in the roll, until to-day there is practically no business in goods in the roll, and the demand is almost exclusively for mats and rugs.

It was on account of this change in demand that our committee sought and secured a change in classification that came into force in 1913.

There are two general groups that we import that may be described as rugs which are made up by cutting and sewing together the identical merchandise in the form of rugs which we formerly brought over in the 40-yard rolls and known as common China and Japan matting and a rug which has been developed in Japan along the same lines and similar in appearance only to the domestic grass rug.

This latter development was created through the demand of the poorer classes in the United States, who wanted something a little better than the ordinary Japanese matting rug and who could not and can not afford to buy the higher grade, better quality, domestic grass rug at the higher price which they sell for.

It is this latter group of rugs which the Tariff Commission has recommended be given a separate classification in paragraph 1020 and which has been carried out

in H. R. 7456 by the designation "all other floor coverings not specially provided for, 26 per centum ad valorem."

During the 10-year period of 1900–1909 the average yearly import was 46,000,000 and odd square yards. For the period 1910–1914 the average figure is 26,500,000, and for 1915–1920, inclusive, the average is somewhat under 16,000,000 or only about one-third of the 1900–1909 period. The value fluctuates with market conditions from year to year as in any other industry.

From the figures just quoted, it will be noted that the importation of Chinese and Japanese floor coverings have fallen from 46,000,000 and odd square yards to about one-third of that figure in average and to 22,000,000 yards in the year of 1920 alone. We find that while domestic manufacturers in 1913 sought to secure a duty rate of 12 cents per square yard or $1.44 for a 9 by 12 foot rug, which is the standard size, we now find them coming before the Ways and Means Committee in the early part of the present year and asking for duties, which it was estimated would amount to $5.70 for the same rug, or 47½ cents per square yard, and this in the face of declining importations.

Why put a prohibitive duty on a commodity that the importations are decreasing year by year?

Their idea no doubt was that if they made very extravagant demands they might succeed in getting more than they were otherwise entitled to, and this seems to be the direct result, for a rate of 26 per cent under the American valuation plan is estimated to be about 67 per cent based on the present foreign cost basis of assessment.

Figures supporting this statement are attached.

We have just stated that the domestic interests sought what they call a protection which was estimated to amount to $5.70 per rug or 47½ cents per square yard. If you will refer to page 31 of the Tariff Information Survey, you will find that the average cost for all domestic manufacturers of their material and labor for one rug of the same size amounts to $4.76 or 39⅔ cents per yard. You will also note that through very heavy expenses for overhead of one company the average overhead increased 30 per cent more than any other part of their expenses.

With this exorbitant overhead their total cost is $6.50 per rug and they asked $5.70 duty on our importations of admittedly much poorer quality and shorter durability.

They are not seeking protection at all, they want monopoly.

These points are well displayed in briefs which we submitted to the Ways and Means Committee.

The Ways and Means Committee in H. R. 7456, paragraph 1020, advanced the rate on common Japanese and Chinese matting 20 per cent; i. e., from 2½ to 3 cents per square yard. We, in asking for a change to 6 cents per square yard on all other floor coverings not specially provided for, have raised the present rate from 2½ cents per yard to 6 cents per yard, an advance of 140 per cent over present duty.

We do not feel that the domestic manufacturers have any greater need for protection now than they had in 1913, and further are of the belief that an examination of their financial condition at the end of 1920, as compared with the end of 1913, will prove this to be so. We further believe that whatever, if any, unfavorable tendencies may have happened to them in the present year is reflected in the same manner in imported floor coverings. Our business has been seriously curtailed.

The idea that seems to prompt domestic manufacturers is that if they can get our merchandise entirely shut off they will be able to force those who now depend upon our cheaper merchandise to buy their more expensive goods, which they can not afford to do, or go without.

AMERICAN VALUATION.

We have made very little reference to the matter of American valuation, as the specific basis of duty we are requesting will free us from it.

Domestic manufacturers publish freely in trade papers what are known as list prices. They do not publish their discounts, and these discounts are not the same to the entire trade by the same manufacturer, even in wholesale quantities.

American valuation likewise makes no provision for clearance sales and other price-cutting subterfuges.

Under American valuation as now defined, we understand that in order to be comparable the merchandise must be similar in all of four respects, material, quality, construction, kind.

Any imports which are now dissimilar in any of these respects can be entirely shut out by manufacturers making up some identical merchandise that will be comparable in all respects, but not necessarily salable at their asking price, and the more uneconomic and expensive it is for them to make such goods, the better able they will be to sell their regular goods, which do not compare with the imported goods.

Domestic manufacturers in our line have shown great ability to get together on almost anything that they think will hurt or prohibit imports. Their joint request before the Ways and Means Committee for duties that we estimate would amount to $5.70 per rug, or 47½ cents per yard, against a domestic total average cost for material and labor of $4.76 per rug or 39¾ cents per yard average for the same size rug may be cited. They stated that such duties were necessary.

This association represents the following firms: Joseph Wild & Co., New York City; Pattison, Wheeler & Co., New York City; Nathan Rogers Co., New York City; Turley & Rodgers (Inc.), New York City; Arnhold Bros. & Co. (Ltd.), New York City; Orient Sales Co., New York City; J. M. MacDonald & Co., New York City; Akawo Morimura & Co., New York City; Shewan, Tomes & Co., New York City; C. Itoh & Co., New York City; F. S. Allenby & Co., New York City; Geo. E. Mallinson Importing Co., New York City; Lamborn & Co., New York City; Z. Horikoshi & Co., New York City; Yendo Bros., New York City; J. W. Law & Co., New York City; Ferguson Bros. Manufacturing Co., Hoboken, N. J.; B. & M. Price Shade Co., St. Louis, Mo.; Monarch Linoleum & Rug Co., Philadelphia, Pa.; Scrymser Trading Corporation, New York City; Armon, Wolf & Co., Philadelphia, Pa.; Manuel Feldman Co., New York City; Fakes & Co., Fort Worth, Tex.; W. L. Hurley Co., Camden, N. J.; Wade, Lutz & Grometer, Aurora, Ill.; Hochschild, Kohn & Co., Baltimore, Md.; Jas. A. Brouwer & Co., Holland, Mich.; H. B. Graves & Co., Rochester, N. Y.; Reap & Crawford F. Co., Pine Bluff, Ark.; The Ries Co., South Bend, Ind.; Walter M. Hatch & Co., Boston, Mass.; American Trading Co., New York City; Hub Furniture Co., Washington, D. C.; C. J. Murta, Fort Smith, Ark.; Rodgers Wade Furniture Co., Paris, Tex.; R. H. Macy & Co. (Inc.), New York City; Goldberg Bros. Co., New York City; American Dry Goods Co., New York City; Empire Carpet Co., New York City; Noyes, Thomas & Co., Charleston, W. Va.; Gilmore Bros. (Inc.), Kalamazoo, Mich.; Dix Bros., New York City; James M. Shoemaker Co., New York City; Petersburg Furniture Co., Petersburg, Va.; James Hislop Co., New London, Conn.; P. J. Kelly Furniture Co., New Haven, Conn.; Stephen Ballard Co., New York City; F. G. Rogers & Co., Philadelphia, Pa.; Holden & Stone Co., Pittsfield, Mass.; A. Dirksen & Sons, Springfield, Ill.; Ezekiel & Co., Richmond, Va.; M. Goldenberg, Washington, D. C.; Lexington Dry Goods Co., Lexington, Ky.; L. L. Roberts Furniture Co., Lexington, Ky.; Crawford & Crawford, Newburgh, N. Y.; Oxford Sales Co., New York City; Flesheim Kaufman Co., Cleveland, Ohio; W. A. Bell & Bros., Fredericksburg, Va.; John H. Pray & Sons Co., Boston, Mass.; Hulse, Bradford Co., San Francisco, Calif.; F. S. Harmon & Co., Tacoma, Wash.; Sander & Recker Furniture Co., Indianapolis, Ind.; John E. Hurst & Co., Baltimore, Md.; William Campbell (Inc.), Philadelphia, Pa.; Spiegel, May Stern Co., Chicago, Ill.; J. M. Harris, New York City.

Figures demonstrating duty assessment under American-valuation plan.

740-WARP STENCILED RICE-STRAW RUGS.

Cost figures submitted in association supplementary brief to the Committee on Ways and Means, Feb. 8, 1921	yen		7,169.54
Packing	do		431.05
Commission and incidentals	do		458.23
Total	do		8,058.82
Exchange, $0.51¼			$4,130.14
Insurance			82.60
Freight			746.08
C. i. f. cost			4,958.82
Wholesale selling price	per cent		100
Gross profit and selling expenses	per cent	25	
Duty on American valuation	do	26	
			51
C. i. f. cost	per cent		49
49 per cent			$4,958.82
100 per cent			10,120.04

49 per cent c. i. f. cost	$4,958.82
26 per cent duty	2,631.21
25 per cent gross profit and selling expenses	2,530.01
Total	10,120.04

Foreign cost basis of assessment:		
Foreign cost	yen	7,169.54
Packing	do	431.05
Total	do	7,600.59

At Treasury exchange, $0.4985, present dutiable value	$3,788.89
Duty amount under American valuation[1]	2,631.21
Present actual duty, 11,516 square yards, at 2½ cents	287.90

COCOA MATS AND MATTINGS.

[Paragraph 1021.]

STATEMENT OF FRED M. CLEVELAND, WAKEFIELD, MASS., MANAGER OF HEYWOOD-WAKEFIELD CO.

Mr. CLEVELAND. My name is Fred M. Cleveland, Wakefield, Mass. I am manager of the Heywood-Wakefield Co., and I desire to address the committee on cocoa mats and mattings. The address on the calendar is wrong.

Senator McCUMBER. You say you are "manager." Is the company you represent a manufacturing company?

Mr. CLEVELAND. It is a manufacturing company.

Senator McCUMBER. Manufacturing what?

Mr. CLEVELAND. Cocoa mats and mattings, paragraph 1021 and not 1020. I am speaking for the American manufacturers of cocoa mats and mattings: Joseph Wild & Co., of New York City; George Wehn Son & Co., of Pittsburgh; George Kempf & Bro., of Philadelphia; the Wisconsin Mat Co., of Milwaukee, Wis.; Darragh-Smail & Co., of New York City.

We have prepared a brief that has been on file with your committee for some time, and if you like we are willing to let our case rest with that brief.

Senator McCUMBER. Very well.

Mr. CLEVELAND. The situation in our industry is worse to-day than it was when that brief was filed some months ago. We have been going from bad to worse with no prospect of a change in conditions.

Senator SMOOT. Tell us briefly what you want. You have matting made of cocoa fiber or rattan fiber at 9 cents per square yard as the House gave you.

Mr. CLEVELAND. We have asked, Senator Smoot, for the alteration of that schedule so that it will read 9 cents per square yard on matting and 7 cents per square foot on cocoa mats, plus an ad valorem duty of 25 per cent on both items.

Senator SMOOT. You want a greatly heavier protection than was given you in 1909?

Mr. CLEVELAND. We do and we need it, sir. Our original requests to the Ways and Means Committee was 30 cents per square yard on

[1] Duty amount under American valuation, $2,631.21 = 69.5 per cent of $3,788.89.

cocoa matting and 15 cents per square yard on cocoa mats. I can give you an example of how this duty will work out. To-day the so-called light brush cocoa mat, which is the largest selling mat in the trade, can be bought at $3.60 per dozen f. o. b. shipping point in India for No. 3 size. The rate of duty in the Fordney bill would make the duty $3.15 on that mat. The freight is $1 per dozen, making the landed cost in New York $7.75. The lowest American wholesale selling price on that mat is $12 per dozen. Twenty-five per cent on the American valuation would be $3, making the landed cost, with the specific and ad valorem duties and freight paid $10.75. The mat would then be about 20 per cent under our price.

The figures look large, but we are paying 35 to 55 cents an hour for labor in competition with the lowest class of labor that there is in India, coolie labor.

Senator SMOOT. What is the value of your mats now per square yard?

Mr. CLEVELAND. The value of our mats is figured per square foot. I am talking of mats now.

Senator SMOOT. In the Payne-Aldrich bill we imposed a duty on mats by the square yard not exceeding 15 cents per yard in value of 4 cents per square yard and 30 cents ad valorem.

Mr. CLEVELAND. I beg pardon, sir, but the Payne-Aldrich bill provided for cocoa mats and mattings under the sundry schedule, it was then 4 cents per square foot and 6 cents per square yard, respectively.

Senator SMOOT. Without any ad valorem?

Mr. CLEVELAND. With no ad valorem.

Senator SMOOT. Then you want 50 per cent increase on the specific and 25 per cent ad valorem, and the American valuation instead of foreign valuation?

Mr. CLEVELAND. I do, because we need it.

Senator SMOOT. That would be about 200 or 300 per cent increase?

Mr. CLEVELAND. The McKinley tariff had a duty of 12 cents per square yard on matting and 8 cents per square foot on mats. Under the Underwood tariff, since the armistice, this country has been flooded with Indian mats and mattings. There is not an American manufacturer who is running over 25 per cent capacity. Our mills are practically shut down, and there are more mats coming into the country than we sell in ordinary times.

Senator McLEAN. How many men are employed in the industry—though perhaps that is all included in your brief.

Mr. CLEVELAND. It is a little industry. I should say also there would not be over 650 in normal times.

Senator McLEAN. Where is it located?

Mr. CLEVELAND. The names of these different plants are on the brief. Our own particular mat factory is in Wakefield, which in good times employs about 150 people. We have 30 employed there to-day.

Senator CALDER. What proportion of the number of mats in use in this country are imported of the kind you are discussing?

Mr. CLEVELAND. For this year there will be, I should say, nearly twice as many brought into the country as are made here in ordinary times, and we are making only about 25 per cent of our capacity now.

Senator McLEAN. Is the imported mat as good as yours?

Mr. CLEVELAND. The imported matting is just as good as ours. The imported mat is made with more material in it than we can afford to put in ours. The labor amounts to nothing. The amount of material that goes into the cocoa mat depends on how hard the man making it is willing to beat it up, and when a man's time is worth nothing he puts in more labor.

Senator SIMMONS. What did you say a little while ago about the amount of importations coming into this country at this time?

Mr. CLEVELAND. I said they were coming here in tremendous volume.

Senator SIMMONS. Now?

Mr. CLEVELAND. Yes, now; by every steamer.

Senator SMOOT. You mean made from cocoa fiber?

Mr. CLEVELAND. Made from cocoa fiber.

Senator SMOOT. Or rattan?

Mr. CLEVELAND. Or rattan. They are practically all cocoa fiber; there are no rattan mats made abroad and very few are made in this country now.

Senator SMOOT. Do you know what the importations were in 1914?

Mr. CLEVELAND. I can tell you in just a moment. In 1918 the importations of matting were 22,731 yards, and the importations of mats were 38,667 square feet.

Senator SMOOT. That is, of all kinds?

Mr. CLEVELAND. That is, cocoa mats and matting, or rattan mats—but it is all cocoa mats.

Senator SIMMONS. I can not understand that.

Mr. CLEVELAND. My figures, Senator, are taken from the Tariff Information Surveys, paragraphs 272 and 273, tariff act, 1913.

Senator SIMMONS. Have you these statistics on imports?

Mr. CLEVELAND. I have. But I can not get any such figure.

Senator SIMMONS. It gives the imports in 1918 at 38,667 square feet?

Mr. CLEVELAND. Yes, sir; that is the figure I just read, 38,667 square feet cocoa mats, and cocoa matting 22,731 square yards.

Senator SIMMONS. But that does not seem to be any flood as compared with 1908, when it was 360,000?

Mr. CLEVELAND. Yes; but——

Senator SIMMONS (interposing). In 1909 it was 477,000 square feet and in 1910, 479,000, and only 38,000 in 1918.

Mr. CLEVELAND. But in 1918 they had not started to come. They started to come in full in 1919 and 1920, and all through this year.

BRIEF OF FRED M. CLEVELAND, REPRESENTING MANUFACTURERS OF COCOA MATS AND MATTINGS.

We beg to call your attention to paragraph 1021, Schedule 10, of the tariff bill (H. R. 7456), which is now before your committee:

"Mattings made of cocoa fiber or rattan 9 cents per square yard; mats made of cocoa fiber or rattan 7 cents per square foot."

In our arguments before the Ways and Means Committee we showed the necessity of rates much higher than those named in this bill and are much disturbed at the figures decided upon by this committee. We refer you to attached "Reports of Hearings on General Tariff Revision," Part V, pages 3432-3434, before Ways and Means Committee. The facts regarding imports of mats and mattings have not altered in the meantime, and the flood of imports of these goods still continue. The New York agent of one of the largest Indian manufacturers wrote under date of July 21, 1921, some three weeks after the House tariff bill had been reported, and the proposed rates made known, urging one of the subscribers to this brief to consider purchasing mats

from India for import here, as they, the agents, were convinced that they could continue to supply Indian mats at less than manufacturer's cost here. (Agent's letter attached.)

The Indian Government imposes an export tax on coir yarns from which mattings and mats are made, but has no export tax on the manufactured mats and mattings. The principal handicap of the American manufacturer is the low cost of Indian labor, the poorest coolies in India working at this industry, many of these mats being woven in the huts of the coolies.

Unless some protection further than that given in this bill is afforded us, we see no prospect of resuming the making of mats and mattings, the industry having been practically at a standstill for many months. There are now more than a year's supply of imported mats and mattings in the country.

We respectfully suggest to your committee the amendment of this paragraph by the addition of an ad valorem duty of 25 per cent, so that the paragraph would read:

"Mattings made of cocoa fiber or rattan, 9 cents per square yard, and in addition thereto 25 per cent ad valorem; mats made of cocoa fiber or rattan, 7 cents per square foot, and in addition thereto 25 per cent ad valorem."

This compound duty would be similar to the duties fixed in this bill on oriental rugs, etc. (See par. 1117, Schedule 11.)

We are suggesting the addition of an ad valorem duty because with cheap labor available the Indian manufacturers are able to send to this country mats and mattings which are designated by the standard grade names used in America, but which are in reality one grade higher than the American standards, the difference in grades amounts to an increased value of 25 per cent. The ad valorem duty, if assessed, on American valuation will counteract this to a large extent.

We appreciate the general sentiment against too high rates of duty, but our embarrassment in urging action on our behalf by your committee is overcome by our knowledge of the peculiar attacks that have been made on our industry by the employers of Indian coolie labor, and the knowledge that the protection asked is needed to restore our business.

Until 1914 the Indian-made mats were marketed principally in Europe and Australia, but as these markets are curtailed for these goods, the United States is now the chief market. We obtain from "Tariff Information Surveys" on articles in paragraphs 272 and 273, page 122, the following: Imports of mats, 1913, 798,794 square feet. In 1920 the imports were 2,103,337 square feet, and the first six months of 1921 show still larger importations from India.

The "McKinley tariff" of 1890 gave duty on matting 12 cents per square yard, and on mats 8 cents per square foot, although at that time mats were only coming into the United States from India in small quantities.

NEW YORK, *July 21, 1921.*

Messrs. GEO. WEHN, SON & CO., *Glenfield, Pa.*

GENTLEMEN: We have your letter of the 19th and regret that you do not see your way clear to place an order for shipment from Cochin by the August steamer, which is scheduled to sail early in the month, it being the regular steamer postponed.

Mr. Goodacre suggested that we might come to some special understanding with you for the sale of mats and mattings in the Pittsburgh district, he being confident that we can supply your requirements in certain grades cheaper than you can manufacture them. When Mr. Wehn is next in New York could he either call or make an appointment for an evening at the writer's club to talk this over?

Yours, truly,

EASTMOND & CO.

BRIEF OF FRANK McKOSKY, PHILADELPHIA, PA., REPRESENTING THE UNITED TEXTILE WORKERS OF AMERICA.

I beg to lay before you for your consideration the position of labor in reference to paragraph 1021, Schedule 10, of the tariff bill (H. R. 7456), covering imports of mats and mattings made of cocoa fiber or rattan.

To the workers in this industry this is a matter of grave concern, as it is impossible to earn an American wage or live according to the American standard if they are forced to continue to meet the competition of the labor in the industry in India, from where these mats and mattings are being shipped to this country at such a rate that it has stifled the industry here to a point where the workers in the industry in this country have been suffering much from unemployment. In the last 18 months

these workers have worked less than one-quarter of the time, and the situation is becoming worse.

In 1913 the imports of these mats and mattings was 798,794 square feet. In 1920 they were 2,103,337 square feet; and for the first nine months of 1921, 2,005,540 square feet, which ratio, if maintained, will amount to 3,000,000 square feet or more for this year. Already sufficient mats and mattings have been imported to supply the demands of this country for nearly two years. It can readily be seen that under these conditions the industry and the workers employed therein can not exist, let alone the question of the extension of the industry and the employment of more workingmen.

It seems that when the matter is considered it is evident that an increased duty or tariff is most needed, as in India this work is done by the cheapest kind of labor; in fact the labor cost is almost nil, as much of this work is done in huts where the man, wife, and all the children assist and make only a few pennies a day. The raw material is at their door, and there are practically no overhead charges, and many other conditions exist which I am sure you and your committee realize are so far different from the American idea of living.

The present bill advocates a duty of 9 cents per square yard on mattings and 7 cents per square foot on mats. At the present time this hardly covers the cost of wearing same in this country, and on many grades the weaver is paid from 11 to 12 cents a square foot, and I might add the wages earned at these rates for weaving only range from $20 to $24 a week. Then there are many other labor costs in the various necessary departments, to say nothing of the overhead expenses necessary to operate a factory in this country.

Therefore, in the interests of American industry and the American workers employed in this industry, we would urge that an additional 25 per cent ad valorem duty be added to that already contained in the present bill, and trust that you and your committee will understand the advisability and necessity for same.

SCHEDULE 11.

WOOL AND MANUFACTURES OF.

GENERAL REVIEW.

STATEMENT OF JOHN P. WOOD, BOSTON, MASS., REPRESENTING THE NATIONAL ASSOCIATION OF WOOL MANUFACTURERS.

Mr. WOOD. I represent the National Association of Wool Manufacturers, the office of which is at 50 State Street, Boston, Mass., and of which I am president.

In conformity with your request that those listed to speak upon this schedule whose views are substantially in accord should designate one person to be heard by the committee, the following-named witnesses have requested me to speak for them also: Mr. Stevens, Mr. Peabody, and Mr. Nevins, representing the American Association of Woolen and Worsted Manufacturers; Mr. Stager, representing the National Association of Woolen and Worsted Spinners; Mr. Fisler, representing the Worsted Spinners' Association of Philadelphia; Mr. Quittner, representing the Roosevelt Worsted Mills.

I am aware of your desire to expedite these hearings, and that you do not wish cumulative testimony upon matters that have already been covered, and it is my intention to conform to your wishes. Previous witnesses have given so much and such convincing information concerning the present industrial and monetary conditions in competitive countries, that no useful purpose would be served by a mere multiplication of examples.

It has been very conclusively shown that the difference in labor cost between the United States and European countries is greater now than before the war. The reasons for the increased difference have been discussed at length; as has also the influence of depreciated currencies, and exchange rates.

The various features of the wool schedule which have been subjects of controversy have been quite fully explained by me at previous hearings: to go over the ground again would merely waste your time and needlessly encumber the present record. I have on former occasions been examined and cross-examined upon every phase of the subject. Therefore, to save time and avoid duplication of testimony, I refer to some of the former hearings at which I have appeared and submitted myself to examination, particularly to Senate Finance Committee hearing on emergency tariff, H. R. 15275, January 7, 1921, pages 62 to 79 of committee print, unrevised; Ways and Means Committee hearings January 31, 1921, pages 2551 to 2583; Ways and Means Committee hearings, Schedule K, January 27–28, 1913, pages 4151 to 4191.

If the committee desires to go into any of these previously covered details I shall willingly give all the time that may be required, supply what information I can personally, and try to procure any additional particulars that I may not have here at hand.

What I have now to say will be by way of comment upon and suggestions of changes in the pending House bill.

We advocate wool duties adequate to protect the domestic industry of sheep husbandry. We express no opinion as to the amount of duty necessary for that purpose, but our industry is very greatly concerned in the manner in which the duty is applied, both to imports of raw wool and to the wool in imported goods.

As it is still necessary to import more than one-half of the quantity of wool required for domestic manufacture, it is of great importance that the method of levying the wool duty shall be one that recognizes the conditions under which foreign wools are marketed and that the incidence of the duty on wools of different grades, qualities, and values should be as equitable as possible under the conditions which it must fulfill.

The three alternative methods of applying duties upon raw wool, viz, ad valorem, specific on unwashed weight, and specific on clean content, each has certain marked advantages and each possesses objectionable features.

The ad valorem method would be the most equitable to the importer and user, but the faults attributed to the ad valorem principle generally apply in an extreme degree in the case of wool because of the wide range of price fluctuations. And there is a further and insuperable difficulty in determining the corresponding rates to be applied to the wool contained in imported goods—the misnamed compensatory duties.

Duties based upon the clean content of wool would be decidedly the best if all wools had even approximately the same nature and value. But there are hundreds of different varieties embracing extreme differences in characteristics in the manner of their utilization and in their intrinsic and market values. A single flat rate would therefore bear with great inequality upon the different kinds. If high enough to protect the fine, it would be excessive for the coarse; if low enough for the coarse grades, it would not afford adequate protection for the finer grades. Were it feasible to use a graded scale of clean-content rates that objection might be obviated. That, however, is impracticable, because the large number of distinct classes grade from one to another by such infinite shades of variation that it is impossible to construct a workable graduated series of rates.

The objections to a specific rate based upon unwashed wool are well known; they have been the source of most of the criticism of the wool tariffs.

Although all of the criticisms and objections which can now be offered to that method of applying the wool duties have been discussed in every Congress for upward of half a century, every protective tariff law enacted in this long period has adhered to that method, because, after the most complete and exhaustive consideration of the subject, successive Congresses have been convinced that no other method would afford equal protection with less ground for criticism.

A uniform basic rate of duty on unwashed wool does not fall with equal incidence on the clean content of all grades, but it results in less inequality than a uniform specific rate on the clean content, because variations in shrinkage do have some correspondence with variations in the fineness of the wool and of its market value. In a general way it may be said that with increase of coarseness the percentage of shrinkage and the price decrease, so that a uniform rate on unwashed wool of different grades results in a decreased clean-content equivalent on the coarser qualities of lower value, and therefore gives a fairer relation of duty to value in the case of the wool from the larger breeds of sheep, which have greater mutton value than those which produce the finer and higher priced wool.

The 25-cent clean-content rate in the pending bill would result in excessive ad valorem equivalents on the coarser and cheaper wools which enter into the lower price manufactured goods. Recognizing this fact, the House added a proviso limiting the amount of duty to not exceeding 35 per cent, but this limitation goes to the other extreme, and would prove insufficient for the protection of the wool-growing industry. For some varieties the protection would be negligible.

Appendixes Nos. 1, 2, 3, and 4 show various comparisons of wool duties, prices, and ad valorem equivalents of different rates of duty.[1]

The raw-wool paragraphs require minor amendment in one respect, which is of considerable importance, but which is not at all controversial. To facilitate future comparisons of statistics of wool imports the old classification numbers should be preserved, the wools covered by paragraph 1101 should be designated as class 3, and those of paragraph 1102 as classes 1 and 2. This may also make possible a simpler phraseology in some of the other paragraphs. If the old classification and designating numbers are changed it will greatly complicate future comparisons of statistical reports of production, importation, and utilization of the different grades. No other reason for this change is apparent except that of changing the phraseology of the schedule as much as possible from that to which the industry has been long accustomed and which has been judicially interpreted by many decisions.

The duties on top waste, slubbing waste, ring waste, garnetted waste, noils, carbonized and uncarbonized, thread and yarn waste should bear the same ratio to the duty on scoured wool that the respective prices of these materials bear to clean new wools. The rates in the bill we think approximately correct for a 26-cent scoured-wool duty.

Any change in the rate on scoured wool would require a corresponding change in the rates on the wastes and by-products which I have named.

The rates on shoddy, wool extract, mungo, rags, and flocks are not designed for either protection or revenue, but to prevent importation of these materials. We approve a continuance of this policy.

The compensatory rates in Schedule 11 were evidently intended to conform to the findings of the Tariff Board report of 1911, but in the application of the board's conclusions two fundamental errors have been made. First, the basic rate employed was that for the scoured contents, 25 cents, instead of the rate for scoured wool. All

[1] Appendixes mentioned in this statement omitted in printing.

of the Tariff Board's computations of the loss on waste and by-products were derived from the conversion of scoured wool—not scoured content—to tops, yarns, and fabrics. A reference to the board's report will show that the starting point in the determination of the ratio of loss was with the wool in a scoured state. Obviously, therefore, the compensatory rates should be computed on the rate of duty on scoured wool.

The other error is purely arithmetical and consists in applying the Tariff Board's ratios to the quantity of remaining product instead of to the original quantity. If from a given quantity of material, say 100 pounds, there is a waste of 10 per cent, the remaining product is 90 pounds. Obviously the addition of 10 per cent of 90 to 90 pounds will be 99, not 100. That illustrates the other mistake that has been made in computing the specific rates in Schedule 2. The proper arithmetical formula, as the Tariff Commission must upon reflection confirm, is to divide the resultant net quantity, 90, into the original quantity, 100. The quotient thus obtained, 111, is, of course, the correct quantity of the original material required to yield 100 units of product, and is, therefore, the proper multiplier of the scoured-wool duty to determine the compensatory duty on products having a loss of 10 per cent.

Applying this, the correct arithmetical method of finding the proper ratios for the compensatory duties, the rates should be: for tops, 1.111 times the duty on scoured wool; for yarns, 1.207 times the duty on scoured wool; for fabrics, 1.500 times the duty on scoured wool.

We suggested to the Ways and Means Committee a method of applying the compensatory rates that would more accurately relate the wool duty to the wool in the manufactured article. Although the method is exceedingly simple, its statement in the phraseology necessary for a tariff act gives an impression of complication which does not exist. The plan was devised to obviate the objection, often made, that the former compensatory rates were excessive on the manufactures of the lower price values. The method we suggested would have more equitably accomplished that purpose than the stepped specific rates adopted by the House. If, however, the two errors in the method of computing the compensatory rates are corrected, the form will be satisfactory, although the method suggested to the Ways and Means Committee would graduate the compensatory duties in a somewhat better conformity with values.

In the consideration of the tariff rates it would be desirable and advantageous to have accurate "cost of production" data for the United States and for competing countries. But even under the normal conditions preceding the war this was only possible in a very limited degree, as was ascertained by the old tariff board after having many tariff experts engaged in the effort for a long period of time.

Now, in consequence of the derangement of standards of value and dislocation of international monetary exchanges it has become very much more difficult than ever before.

Various Government officials have testified to this, including the chairman and members of the present Tariff Commission and experts from the Customs Service.

When those having the best facilities for making such comparisons have been obliged after much investigation to recognize the impracticability of determining proper rates by that method, it is obviously futile to pursue that line of inquiry with fragmentary data. There are, however, other means available by which the adequacy of the rates may be judged.

First, there are authentic schedules of wages in the woolen industry in the United States and in European countries which are accessible in the report of the recent hearings by the Ways and Means Committee and in a separate compilation of comparative wages which has been printed by authority of that committee.

Second, we know the conditions of competition that existed under certain former tariff rates, when the differences between American and European wages were much less than they now are.

Comparisons can also be made with the protective rates in other sections of the pending bill to show that the rates in this schedule are very substantially less than many of those provided for manufactures requiring much less labor in fabrication and consequently less conversion cost.

Tested by all of these methods, the protective or ad valorem rates in the paragraphs of the House bill to which I shall refer are generally inadequate.

I shall offer for the record comparative tables which exhibit in parallel columns the ad valorem rates contained in these paragraphs, but converted, for the purpose of comparison, to their equivalents for foreign valuation, and the corresponding rates in the acts of 1913, 1909, and 1897. (Appendix No. 7.) From these tables it will be seen that there is much irregularity in the rates of the pending bill, that they are all much below those in the Wilson-Gorman Act of 1897, and that some of them are below and many others of them practically about the same as the Underwood Act of 1913, which the author of that law frequently said had been framed with the purpose of eliminating the element of protection as completely as possible.

For comparisons of foreign and domestic wages I refer to the figures in the schedules previously mentioned, and in particular to those submitted with my statement to the Ways and Means Committee, which will appear on pages 2579 to 2583 of the report of the hearings in January last. I also present a later comparison with German wages now in effect, as reported in the press within the past few days (Appendix No. 5), and United States wages in detail (Appendix No. 6).

With regard to the rates in other schedules of the House bill: Assuming them to be only what are necessary, your attention is invited to the fact that these woolen rates generally are considerably less than those adopted for other kinds of manufacture, although the products of our industry require as much skill and a larger proportion of labor cost to manufacture than many of the other kinds of manufactures for which higher rates have been provided.

That many of the ad valorem rates in Schedule 11 are too low is due, we are informed, to a misapprehension upon the part of the members of the committee who prepared the schedule. When the inconsistencies were brought to the attention of these members officially it was decided that as the bill was already in print, and was to be presented to the House that day, no correction could be made; and

because of a restrictive rule that had been adopted to enable the bill to be passed at a specific time it was not possible to have correction made by amendment. We were therefore advised that corrections, admittedly necessary, could only be made after the bill reached the Senate. We now submit these facts and request you to make the needed alterations, which we sincerely and confidently believe are necessary to permit our domestic woolen industries to successfully operate and pay wages that will continue to have at least as high a ratio to the earnings in similar occupations abroad as existed prior to the war.

Paragraph 1106 covers "wool which has been advanced in any manner or by any process of manufacture beyond the washed or scoured condition and not specially provided for, including tops, and roving, etc."

In so far as it relates to articles other than "tops and rovings," it is a "basket" provision, and as such is in conflict with another "basket" or catch-all paragraph in the same schedule—see paragraph 1120.

The purpose of the so-called "basket" provisions in protective tariff laws obviously is to include any and all articles which, by defect of phraseology, might otherwise have to be classed at less than the proper rate of duty. To effect this purpose it is necessary to include this provision in a paragraph which carries one of the higher rates of the schedule to which it relates.

As this paragraph 1106 has the lowest rate of the schedule it manifestly is not the proper place for the "basket" provision. The paragraph ought, therefore, to be restricted to tops.

Another defect of this paragraph 1106 is that it makes the same rate apply to rovings as to tops, rovings being a more advanced stage of manufacture requiring additional labor and conversion expense. They are but seldom an article of commerce, but being in some sizes indistinguishable from the coarser sizes of yarn they should be included with yarns in paragraph 1107.

There is some difference of opinion among those whom I represent as to the form in which the top and yarn duties should be applied. As the Tariff Board and members of the present Tariff Commission have recommended the use of specific duties whenever practicable, and as it is possible to employ specific rates for tops and yarns, some of our members are of the opinion that specific rates should be adopted; others, while concurring in the desirability and practicability of specific rates for tops and yarns, think it inadvisable to employ that form, because the pending bill contains the top and yarn rates in ad valorem form and because of the difficulty of using the specific form for the finished manufactures in the construction of which the yarns are used. There is no hostility between these opposite views, the difference is merely one of judgment as to expediency. I am therefore directed to suggest to you alternative rates in ad valorem and specific form.

Paragraph 1106: For tops the compensatory duty should be, in accordance with the findings of the Tariff Board, one and one-tenth times the rate of duty adopted for scoured wool.

The protective rates, in ad valorem form, if based on American valuations, should be: If valued at not more than 60 cents per pound, 15 per cent. If valued at more than 60 cents per pound, 20 per cent.

If the specific form is adopted the recommendations are: Compensatory duty per pound, one and one-tenth times the rate per pound on scoured wool, the protective duty to be 15 cents per pound, subject to a provision that in no case shall the rate exceed 20 per cent ad valorem of the American value.

In explanation of these rates I will submit as an appendix a statement explaining in detail the difference between foreign and domestic cost of tops. (Appendix No. 8.)

Paragraph 1107, yarns: If the ad valorem form is adopted for the protective duties the following schedule of rates is recommended: The compensatory or wool duty, if the yarn or roving is valued at not more than 60 cents per pound, American value, to be per pound five-sixths of the duty on 1 pound of scoured wool; if valued at more than 60 cents per pound, one and two-tenths times the duty on 1 pound of scoured wool. And the protective rates to be for all numbers up to number forties, 25 per cent ad valorem, and for all numbers over forties, 30 per cent ad valorem.

If the protective duties are in specific form, the following rates are proposed in lieu of the ad valorem rates just read:

The word "number" as used in this connection and applied to worsted yarns shall be the number of hanks per pound, a hank being a measure of 560 yards of single yarn of roving; and when applied to woolen yarns shall be the number of hanks per pound, a hank being a measure of 300 yards of single yarn or roving.

On wool or tops advanced by process of manufacture to any number of sliver or roving or single yarn up to single wtelves,, the duty shall be 17 cents per pound.

On all numbers exceeding single twelves and up to and including single thirties the duty shall be 17 cents per pound plus one-half of a cent per number per pound on all numbers in excess of single twelves.

On all numbers exceeding single thirties and up to and including single sixties the duty shall be 26 cents per pound plus 1 cent per number per pound on all numbers in excess of single thirties.

On all numbers exceeding single sixties the duty shall be 56 cents per pound plus 1¼ cents per number per pound on all numbers in excess of single sixties.

On all rovings and yarns advanced beyond the condition of singles by grouping or twisting two or more rovings or yarns together up to and including number twelves the duty shall be 3 cents per pound in addition to the foregoing duties on single yarns.

On all numbers exceeding twelves and up to and including thirties the duty shall be 3 cents per pound plus one-eighth of a cent per number per pound on all numbers in excess of number twelves, in addition to the duties on single yarns of corresponding numbers.

On all numbers exceeding thirties up to and including sixties the duty shall be 5¼ cents per pound plus one-quarter of a cent per number per pound on all numbers in excess of number thirties, in addition to the duties on single yarns of corresponding numbers.

On all numbers exceeding sixties the duty shall be 12¾ cents per pound plus three-eighths of a cent per number per pound on all numbers in excess of number sixties, in addition to the duties on single yarns of corresponding numbers.

On all of the above when bleached, dyed, colored, stained or printed, the duty shall be 10 cents per pound, in addition to the other duties prescribed in this paragraph; and if signed or gassed there shall be a further addition of 5 cents per pound.

A statement of differences between domestic and foreign costs will be found in Appendix No. 9.

The following is proposed as a substitute paragraph for 1108:

Woven fabrics, weighing not more than four ounces per square yard, wholly or in part of wool, valued at not more than $1.25 per pound, one and two-tenths times the rate of duty on one pound of scoured wool of the first class and in

addition thereto 25 per centum ad valorem; valued at more than $1.25 and not more than $2.50 per pound, one and four-tenth times the rate of duty on one pound of scoured wool of the first class and in addition thereto 30 per centum ad valorem; valued at more than $2.50 per pound one and five-tenth times the rate of duty on one pound of scoured wool of the first class and in addition thereto 33 per centum ad valorem. Provided that if the warp of any of the foregoing is wholly of cotton or other vegetable fiber the specific duty shall be one time the rate of duty on one pound of scoured wool of the first class and the ad valorem duties shall be as provided in this paragraph.

The following is a condensed statement of the rates proposed in this substitute paragraph:

American valuation, per pound.	Specific wool or compensatory duty, per pound.	Ad valorem protective duty to be applied to American valuation.
		Per cent.
Not over $1.25	1.2 times scoured wool rate	25
Over $1.25, not over $2.50	1.4 times scoured wool rate	30
Over $2.50	1.5 times scoured wool rate	33
If warp is wholly cotton or other vegetable fiber:		
Not over $1.25	1 time scoured wool rate	25
Over $1.25, not over $2.50	do	30
Over $2.50	do	33

The following is proposed as a substitute paragraph for 1109 and 1120:

Woven fabrics weighing more than four ounces per square yard and all manufactures of every description not specially provided for, composed wholly of wool or of which wool is a component part, whether or not constituting chief value, valued at not more than 75 cents per pound, one and one-tenth times the rate or duty on one pound of scoured wool of the first class, and in addition thereto 22 per centum ad valorem; valued at more than 75 cents but not more than $1.25 per pound, one and two-tenths times the rate of duty on one pound of scoured wool of the first class, and in addition thereto 25 per centum ad valorem; valued at more than $1.25 but not more than $2.50 per pound, one and three-tenths times the rate of duty on one pound of scoured wool of the first class and 30 per centum ad valorem; valued at more than $2.50 per pound, one and one-half times the rate of duty on one pound of scoured wool of the first class and 33 per centum ad valorem.

The following is a condensed statement of the rates proposed in this substitute paragraph:

American valuation, per pound.	Specific wool or compensatory duty, per pound.	Ad valorem duty to be applied to American valuation.
		Per cent.
Not over 75 cents	1.1 times scoured wool rate	22
Over 75 cents, not over $1.25	1.2 times scoured wool rate	25
Over $1.25, not over $2.50	1.3 times scoured wool rate	30
Over $2.50	1.5 times scoured wool rate	33

Paragraph 1120 in the House bill is intended as the basket or catch-all paragraph of this schedule, but provides no compensatory or wool duty, and the ad valorem rate is but 25 per cent, whereas the

purpose of the basket provision in every schedule requires that it should provide the maximum rates of that schedule.

Paragraph 1111, pile fabrics: Substitute proposed:

Pile fabrics, cut or uncut, whether or not the pile covers the whole surface, made of wool or of which wool is a component material, whether or not constituting chief value, and manufactures in any form, made or cut from such pile fabrics, if valued at not more than $2.50 per pound, one and three-tenths times the rate of duty on one pound of scoured wool of the first class and 30 per centum ad valorem; valued at more than $2.50 per pound, one and five-tenths times the rate of duty on one pound of scoured wool of the first class and 33 per centum ad valorem.

Condensed statement of above:

American valuation, per pound.	Specific wool or compensatory duty, per pound.	Ad valorem protective duty to be applied to American valuation.
		Per cent.
Not over $2.50	1.3 times scoured wool rate	30
Over $2.50	1.5 times scoured wool rate	33

Paragraph 1112, blankets: The phraseology of this paragraph is defective and ambiguous. It provides for a very limited class of blankets not exceeding 3 yards in length, but leaves entirely in doubt the classification of blanketing exceeding 3 yards in length. It is so restrictive as to weaves, color, and finish that very few of the blankets of commerce would fall within the provisions of this paragraph.

These restrictive provisions were probably designed to indirectly exclude from the blanket paragraph such articles as traveling rugs and automobile robes, concerning the classification of which under the present law there has been considerable litigation. It is true, as the customs authorities have contended, that traveling and automobile rugs should be classed as cloths. But that can be more simply accomplished by their specific enumeration in the cloth paragraph. This blanket paragraph can then be so written that it will really be applicable to blankets instead of as it now stands, excluding and thereby subjecting to higher rates, the very articles to which it is intended to apply:

Substitute proposed:

On blankets composed wholly or in part of wool, not exceeding three yards in length, valued at not more than 75 cents per pound, one time the rate of duty on one pound of scoured wool of the first class and 20 per centum ad valorem; valued at more than 75 cents and not more than $1.50 per pound, one and two-tenths times the rate of duty on one pound of scoured wool of the first class and 23 per centum ad valorem; valued at more than $1.50 per pound, one and three-tenths times the rate of duty on one pound of scoured wool of the first class and 27 per centum ad valorem: *Provided*, That traveling and automobile rugs and robes shall be subject to the same rate of duty as cloths weighing more than four ounces to the square yard under paragraph 1109.

Condensed statement of the rates contained in the foregoing proposed substitute paragraph:

American valuation, per pound.	Specific wool or compensatory duty, per pound.	Ad valorem protective duty to be applied to American valuation.
		Per cent.
Not more than 75 cents	1 time scoured wool duty	20
More than 75 cents and not more than $1.50	1.2 times scoured wool duty	23
More than $1.50	1.3 times scoured wool duty	27

Paragraph 1113, felts, not woven: Substitute proposed:

Felts, not woven, wholly or in part of wool, valued at not more than 75 cents per pound, one time the rate of duty on one pound of scoured wool of the first class and 20 per centum ad valorem; valued at more than 75 cents and not more than $1.50 per pound, one and two-tenth times the rate of duty on one pound of scoured wool of the first class and 23 per centum ad valorem; valued at more than $1.50 per pound, one and three-tenth times the rate of duty on one pound of scoured wool of the first class and 27 per centum ad valorem.

Condensed statement of rates in above:

American valuation, per pound.	Specific wool or compensatory duty, per pound.	Ad valorem protective duty to be applied to American valuation.
		Per cent.
Not over 75 cents	1 time scoured wool rate	20
Over 75 cents and not over $1.50	1.2 times scoured wool rate	23
Over $1.50	1.3 times scoured wool rate	27

Paragraph 1120, all manufactures n. s. p. f.: As explained in connection with the substitute submitted for paragraph 1109, this paragraph 1120 was designed as the basket provision for the wool schedule, but it includes no wool compensatory duty, and its ad valorem rate is not in accord with the requirements for a n. s. p. f. paragraph. For these reasons we have incorporated the basket provision in the cloth paragraph (1109), where it has heretofore habitually been—in the acts of 1913 and 1894, as well as those of 1909, 1897, and 1890.

Paragraph 1430: Braids, laces, galloons, and other miscellaneous articles are taken out of the wool schedule and included in paragraph 1430 of the sundries schedule, at the same rates of duty as similar articles of cotton or other manufactures upon which there is no duty on the raw materials. This change in classification entirely deprives these articles made of wool of compensation for the wool duty. They should be restored to Schedule 11 with a compensatory duty equal to that allowed upon woven fabrics.

Wearing apparel, if embroidered in any manner, is covered by paragraph 1430 of the sundries schedule, which is alike applicable to cotton and woolen wearing apparel, but does not include any compensatory rate for the wool duty. Any embroidery on an article of wearing apparel made of wool, as for example an embroidered initial on a flannel outing shirt, would, therefore, bring it under this schedule,

subject to the same rate as embroidered cotton apparel, and without any compensatory allowance for the wool duty.

At the present time the difference between the conversion cost in the United States and in competing European countries is so much greater than it was prior to 1914 that the rates on woolen manufactures in the act of 1909 would not now be sufficient in most cases to offset that difference.

Many manufacturers have been insistent that higher rates should be asked for. Realizing, however, that the sentiment in Congress is adverse to the enactment of rates higher than in that law we defer to that policy; but with a full realization that for some time to come those rates will not be sufficient, under the existing conditions of foreign currencies and exchange, to prevent such an increase in importations as will necessarily cause a decrease in domestic production and a corresponding amount of unemployment. After a considerable period of uneconomic competition with attendant losses, in which the public necessarily shares, there will, of course, be an adjustment to the rates which you finally enact. Increased orders to European mills will naturally tend to correct the present maladjustment of wages to the currency depreciation there; and decreased business here, with accompanying unemployment, will just as inevitably tend to lower the labor cost here; over which the manufacturers here can exercise no control. It is you who make the rates in the new law who will determine what shall be the eventual difference between the wages in the woolen mills of the United States and in those of Europe.

It is my personal belief that the principal industries of the country are now too deeply rooted in our economic system to disappear. Costly and efficient plant installations of a whole industry can not be transferred elsewhere, nor will they be destroyed. Properties may be foreclosed and acquired by new owners, but the plants will remain. Work people may be idle for a time, but if higher wages can not be paid, like everyone who encounters competition, they must eventually meet the market, which will be the foreign rates plus whatever measure of tariff protection you decide is sufficient.

Try as its opponents will to argue down the irresistible fact, tariff protection is primarily and fundamentally a matter of wages, and neither sophistry nor demogogy can make it something else.

If the present level of wages in competing countries continues, and it is desired to maintain the existing scale in the United States, it will require tariff rates substantially higher than those of the acts of 1897 and 1909. Lower rates of duty must result in lower wage rates here or higher wage rates in Europe. This is not argument; it is a mere statement of immutable economic law, which is altogether independent of the merits or demerits of a protective tariff policy.

Opponents of the protective policy may question the advantages of higher wages, but they can not doubt that the practical effect of a protective tariff is to sustain a higher scale of wages than obtains in competing countries.

Dr. Taussig, who would hardly qualify as an advocate of protection, has given it as his matured opinion:

> Wages in the United States—if not caused by the tariff system alone, they are at least dependent upon it. They are the result of the tariff system in this sense: As they are and what they are, they could not be paid but for that system.

In estimating the sufficiency for the protective purpose of any of the rates named in the act, consideration must be given to the possible application to such rate of the provisions of section 303 (Title III), which authorizes the President under certain conditions to reduce the rate by 20 per cent.

The bill under consideration was not designed to provide rates 25 per cent in excess of the amounts of duty required for protective purposes. But unless a rate is as much as 25 per cent more than necessary, a reduction of the rate by 20 per cent will lower it below the amount required for protection. If the rate enacted is just sufficient to equalize the difference between foreign and domestic costs, then a reduction of that rate by 20 per cent provided in section 303 would eliminate the element of protection entirely, making the reduced figure merely a revenue duty. For, as has been previously pointed out, anything less than the amount of duty required for protection does not afford any protection whatever. If the needed rate is 30 per cent, 20 per cent less than 30 per cent will not provide a four-fifths protection; it will be a duty for revenue only.

The same thing is true of any allowance which may be made upon the duties upon merchandise imported in American ships. However worthy the purpose of encouraging an American merchant marine, a discount for that purpose which is granted upon rates that are barely protective could not but be prejudicial to domestic industries. If, therefore, it is desired to give such a preference to American ships, the nominal rate should be increased by the amount of the authorized reduction. In that way the freight would be assured to American vessels without prejudice to home industries and at the actual protection rate.

You have had extended hearings with regard to the change from foreign to domestic valuations as a basis for duty. I shall, therefore, not discuss that subject, but will merely state for the record that while not among the original advocates of the American valuation plan we are, after much study of the subject, convinced of its practicability, and that it is the only feasible method yet suggested that will even partially offset the effects of depreciating foreign currencies. When the objections to the plan are carefully examined they are found to be invariably in reality objections to the rates and not to the method, as some importers have themselves pointed out. We apprehend no practical difficulties in the administration of the law with this feature, the retention of which, in the existing state of foreign currencies, is very important.

An extensive review of economic conditions here and abroad indicates that there are three distinct factors to be considered in estimating the amount of tariff protection which can be provided for American industries.

There is what may be regarded as a fundamental difference in production cost due to different standards of living as reflected in labor cost. This difference between the United States and the central countries of Europe will for a long time be somewhat greater than it was before the war, because in the United States these living standards are permanently higher, while in many of the European countries war poverty has depressed the general standard of living. The increase in the gap between labor costs there and here has been partly,

but not wholly, offset by an increase in other charges upon production, such as taxes and fuel. Another important, but temporary, factor in the increase of difference in production costs results from the great depreciation in the value of local currency.

This is commonly and incorrectly referred to as depreciation of exchange. It is an axiom that as the value of currency declines, prices of labor and commodities must rise, but the two movements do not proceed with equal rapidity. Wages and many kinds of fixed charges have been unable to keep pace with the speed of currency inflation, with the result that, measured in terms of the purchasing power of a more stable currency like the American dollar, actual production costs and the selling prices of manufactures have been steadily declining. This, however, is a phenomena that can not persist. Sooner or later the decline in curency must be arrested, or else it will become valueless and be replaced by a new circulating medium. In either case prices and wages will then come to normal levels according to the living standards of those countries.

Except to the limited extent the American valuation plan will afford, it does not seem practicable, in a permanent tariff act, to provide against the extraordinary conditions created by currencies which are steadily becoming more nearly worthless; and, unless some temporary means of relief can be devised, it will probably be necessary for a time, which we hope will not be long, to contend with this handicap as one of the consequences of the war. But that difference which must be regarded as normal and lasting, and which we believe to be greater now than in former years, is the proper measure of permanently necessary protection.

The special or emergency tariff enacted during the last session of Congress not only made no provision for protective duties on manufactures of wool, but actually reduced the net duties on most woolen goods by neglecting to make the proper compensatory duty. The duty on wool in the grease at 15 cents per pound is nearly 40 per cent higher than it was under the Payne-Aldrich law; and by elimination of the skirting clause this nominal rate is actually made 30 cents on a large proportion of the wools required to augment the insufficient domestic supply. Assuming for such wools an average shrinkage of 50 per cent, this present duty is equivalent to 60 cents the clean pound. Of course, they will not be imported in that form, because of improper adjustment of the compensatory duties. The wool must come in instead in manufactured or partly manufactured form at 45 cents, which will defeat the purpose of protection to the woolgrowers.

This result has not yet been manifest because of the large surplus stocks of wool that were on hand when the emergency act went into effect. As there have since been practically no importations of clothing wools, the surplus stocks then on hand have been steadily reduced, until it would now be necessary to import supplies of the finer grades. But owing to the disparity between the effective wool duties and the compensatory rates, the importations will take the form of goods instead of raw wool, to the detriment of domestic industry and employment and without benefit to the domestic woolgrower.

In concluding my statement I would like to direct the attention of the committee to the plan for levying the duties on cloth in specific form

which was proposed to the Ways and Means Committee by Mr. Julius Forstmann, of Passaic, N. J. While it would not be possible to work out the details of this plan in time for incorporation in the pending bill, the principle which it embodies seems so sound that it might well be made the subject of study by the Tariff Commission, to determine whether it could not later be substituted for the method which may be adopted now. Briefly stated, Mr. Forstmann's proposal is that the rate of duty shall be based upon the American conversion cost, the Congress shall legislate that rate in the tariff act, and provide that the Tariff Commission shall determine what the conversion costs are, classify the goods into groups having approximately the same conversion cost, and prepare tables showing in specific form the amount of duty for each group computed on the ascertained conversion cost, at the rate prescribed in the act. This method would provide for each class of goods the amount of protection needed therefor, would afford all the advantages of the specific form of duty, without having to make the rates higher than necessary for some articles in order to have them sufficiently high to be protective for others. Congress would retain its legislative control over the basic ad valorem rate, without having to encumber the law with elaborate tables of specific rates, the preparation of which, and their amendment from time to time, would be entrusted to the Tariff Commission.

An extensive study of the subject will be necessary to determine the practicability of the plan, and if adopted an interval of a year or more would be required before it could be put in effect to enable the commission to compile the information necessary for the preparation of the tables of rates. Theoretically, the proposal is sound in principle, and I offer the suggestion that the Tariff Commission be requested to investigate its practicability.

Mr. Chairman, there were two or three points that were referred to by Mr. Dale upon which I would like to comment very briefly.

The statements that were made, of course, are not new. They have been the subject of controversy in every revision of the tariff within my recollection, and are as fully stated and are more or less, according to the point of view of the reader, successfully answered in previous hearings of the Senate Committee on Finance and the House Committee on Ways and Means.

I want to say for the record that there is no distinction between the carded and worsted branches of the industry in respect to the present form of duty. A very large proportion of the carded-wool industry has no sympathy with that contention. Of probably 25,000 looms engaged in that branch of the business, I think Mr. Dale said he spoke for some 1,600.

The old tariff provided rates of duty equally applicable to both branches of the industry and as much needed by the one as by the other. Practically all the heavy-shrinking wools, except limited quantities of defective sorts, are as useful and necessary for the French system of worsted manufacture as for the carding branch of the industry, and a large part of the heavy-shrinking wools are as useful in the Bradford system as in the carding mills.

Apart from that, the compensatory duty under the old law, as has been pointed out, was based upon a shrinkage of 66⅔ per cent. If the wool did not exceed that shrinkage it could be imported with full compensation against foreign carded wool goods made of

similar wools. That was equally true whether the wools were manufactured by the carding or the worsted process. I think Senator Gooding will confirm that statement. The carded-wool manufacturers had no grievance under the old form of tariff so long as the wool they wish to import did not shrink more than 66⅔ per cent. And in the case of exceptional wools having a greater shrinkage the disadvantage for the carding system was no greater than for the combing or worsted system.

The difficulty about an ad valorem duty on wool—and I have tried to avoid indicating any personal objection to that form, except indicating the difficulties involved—is the difficulty, first of all, of giving adequate protection to the woolgrower on account of the fault common to all ad valorem duties, and particularly to articles or commodities like wool which have a very great fluctuation in price. From the manufacturer's point of view the difficulty is that you can not devise an equitable compensatory duty on an ad valorem wool duty. The plan which has been suggested by Mr. Dale would be perfectly sound if the market value of wool did not change and if the ratio of raw material and conversion costs for different fabrics was always identical.

But, in the first place, the valuation for different goods has been as variant as 30 per cent of raw materials to 70 per cent of conversion costs on one hand and on the other hand 70 per cent of raw material to 30 per cent of conversion costs. No rate that is predicated upon a percentage of 40 or 50 or 60 per cent of wool can be applicable with equal exactness and justice to all goods. It will either be too high for some, or, if not too high for any, it will be too low for some.

There is the further difficulty that the price of wool is constantly fluctuating. If the ratio for any given fabric to-day is 60 per cent of raw material to 40 per cent of conversion cost, and the price of wool falls very much, the ratio of wool to conversion cost immediately changes, and if there is a compensatory duty which is based on the previously assumed ratio of 60 to 40 becomes wrong.

Nor is it possible to apportion the total duty in exact equalization between cloth, yarns, and tops, as advanced by Mr. Dale, for there is not a constant ratio between the conversion costs of cloth, yarn, and tops for the many different kinds of fabrics. If in every kind of goods the ratio of these respective conversion costs was the same, and if the price of raw wool was a constant unfluctuating factor, it would be possible to apportion the duties upon the equalized basis suggested by Mr. Dale. But for the thousands of products varying in all degrees of fineness of texture, with greatly varying weights from 3 ounces to 30 ounces per square yard, the variations in the relative conversion costs of cloth, yarn, and tops are very great, and no single ratio will exactly apply to all, nor will a ratio that is correct for any one remain correct for that one when the cost of the raw material changes appreciably.

The truth is there can be no absolutely ideal form of levying these duties. In matters of taxation we have to do the best we can. Everyone admits that tax bills apply very unequally, and so it is with the tariff bills. The same income tax is imposed upon an income entirely earned by hard work as upon another income of identical amount which is derived entirely from investments, without any per-

sonal work or service. You apply a tax upon an estate, say, of a million dollars, divided among 10 heirs, so that a great deal heavier burden falls upon the one-tenth each heir inherits than upon $100,000 inherited by one heir from an estate of $100,000. There is no perfect form for a tax law or for a tariff law.

Mr. Chairman, that is all of my statement.

Senator SMOOT. I noticed when you referred to paragraphs 1109, 1110, and 1111, covering woolen fabrics more than 4 ounces per square yard and woolen fabrics which have been cut to garment or suiting length, and pile fabric, you used the words in your suggested changes in the designation of the cloth or fabrics, "whether or not constituting chief value." That brings up that old question of allowing you here for wool values.

Mr. WOOD. Senator, with respect to that I think we simply followed the language of the existing bill. Our purpose has been to avoid suggesting changes in phraseology, unless we were especially impressed with their necessity.

Senator SMOOT. This phraseology is "woven fabrics weighing no more than 4 ounces per square yard, wholly or in part of wool, valued at not more than 75 cents per pound, 20 cents per pound, and, in addition thereto, 18 per cent ad valorem."

You used the words in your suggested definition "Whether or not constituting chief value."

Mr. WOOD. We simply copied that from the Fordney bill. We did not suggest that.

Senator SMOOT. Where is it in the Fordney bill?

Mr. WOOD. Paragraph 1111, third line.

Senator SMOOT. That applies to fabrics only.

Mr. WOOD. I think you will find it applies generally.

Senator SMOOT. It is not in 1109 or 1110. They did, however, put it in 1111 to cover pile fabrics.

Mr. WOOD. In that phraseology our purpose was simply to follow the language of the bill. We did not intend to introduce any new feature.

I might also call attention to the fact that we have endeavored, by the graduated series of compensatory duties, to provide for the variations in components, starting with a low compensatory rate for low values and increasing as the increase of value indicates larger proportions of wool.

Senator SMOOT. You did not use those words in regard to paragraph 1112, referring to blankets?

Mr. WOOD. No, sir.

Senator SMOOT. Mr. Wood, in your statement I understood you to say that 15 cents per pound on scoured wool represents 60 cents per pound in the cloth. Did I misunderstand your statement?

Mr. WOOD. No, sir. I was not referring to the cloth, but the actual cost of importation. In the present emergency tariff bill the rate is 15 cents for unwashed wool.

Senator SMOOT. You were referring to the emergency tariff bill?

Mr. WOOD. Entirely.

Senator SMOOT. I thought you had reference to this bill.

Mr. WOOD. No, sir. I only referred to the fact that the emergency tariff bill created a situation which would necessarily result in the importation of tops and yarns rather than wool, because, the duty

being 15 cents on the grease pound and on all those wools that are skirted, the duty would be doubled, which would make it 30 cents. If that wool shrinks an average of 50 per cent, that would be 60 cents per clean pound, but if the tops can be brought in for 45 cents per pound raw wool would not come in.

Senator SMOOT. I did not understand you to refer to the emergency tariff bill. I agree with you. If we are to have any kind of protection for wool we will have to have the same degree of protection for tops or else tops will come in instead of wool.

Mr. WOOD. The reason it has not been done up to this time is, first of all, Congress passed that bill for the special protection of the woolgrowers. Owing to the very great stocks of wool accumulated in this country, wool having been free up to the moment of the passage of that act, the price of the domestic wool was not immediately enhanced. But as that surplus stock became reduced the variation between domestic and foreign prices began to be apparent, so that at the present time the clean-content prices here are about 15 cents per pound above the corresponding clean-content foreign prices of corresponding wools.

Up to this time it has not been advantageous or it has not been necessary to make these imports, but as the wool becomes scarce here, any importations of wool that comes in—that is, if the goods can still be manufactured in the United States—will come in the form of tops and yarns.

Senator SMOOT. Certainly.

Mr. WOOD. Later on, when the agencies of distribution have been created, which takes a good deal longer time for fabrics than for tops and yarns, then as long as the duty is only 45 cents a pound for cloth, naturally cloth will come rather than wool at 60 cents or tops and yarn at 45 cents a pound.

Senator SMOOT. And the woolgrower realizes that just as much as the manufacturer does?

Mr. WOOD. I think so.

Senator WATSON. Mr. Wood, you made a number of suggestions in regard to changes in these schedules. How did you arrive at all those specific rates?

Mr. WOOD. Do you refer to the specific or the ad valorem rates?

Senator WATSON. All the recommendations you made.

Mr. WOOD. The specific rates, compensatory for the wool duty, were arrived at, as nearly as we could judge, on the basis of eliminating compensation for the components, which, according to the value, could not have been enhanced in value by the wool duty—that is, the lower the price, the less new wool, and consequently the less compensatory duty. We tried to relate the compensatory duty to the proportion of wool duty. The relation is necessarily approximate, and the method of determining the ratios empirical.

With regard to protective rates or ad valorem rates, they were approximately rates of the 1909 act, slightly reduced in case of cloth and converted to equivalents for American valuation.

Senator WATSON. Do you have the conversion cost of that rate in competing countries?

Mr. WOOD. No, sir. We could not get them.

Senator WATSON. You could not get those costs?

Mr. WOOD. No, sir. We have for tops and yarns, but not for cloth. I shall put a statement of comparative conversion costs of tops and yarns in the record as an appendix.

Senator WATSON. As compared with what countries?

Mr. WOOD. Germany, France, and Great Britain.

Senator WATSON. Are the conversion costs very much the same in all those countries?

Mr. WOOD. They are very much lower in Germany.

As I have tried to explain, we have not undertaken to cover the full difference between present costs here and abroad. If we did it would be necessary to make the rates a good deal higher. We are assuming that certain conditions are temporary, and that the tariff can not provide for the temporary conditions.

Senator WATSON. Did you read the President's message with regard to enlarging the duties and powers of the Tariff Commission?

Mr. WOOD. Yes, sir.

Senator WATSON. It is more or less a generalization—did not go into details.

Mr. WOOD. Yes, sir.

Senator WATSON. What do you think of that plan?

Mr. WOOD. I think it is altogether impracticable and undesirable. It would keep business in a state of very great suspense. The Tariff Commission will have to do all these things the Ways and Means Committee of the House and the Finance Committee of the Senate have done in the way of hearings, and there would be constant demand for rehearings, and the whole subject of tariff rates would be in a constant state of unrest and unsettlement, causing corresponding uncertainty in business.

Senator WATSON. You base that statement on what powers may be given the Tariff Commission, I presume. Very much depends upon the authority given to them. If you could have a maximum and minimum, for instance, if Congress could arbitrarily fix a maximum and minimum on each imported article, and then, as occasion might justify, grant the President authority, upon the advice of the Tariff Commission, to either raise or lower the tariff within those limits of maximum and minimum, do you think that would be a dangerous proposition?

Mr. WOOD. I think it would be very dangerous, because it brings pressure upon the President and the Tariff Commission constantly, first upon one schedule and then another.

Senator WATSON. Have you read any of Senator Smoot's amendments?

Mr. WOOD. Yes, sir.

Senator WATSON. What do you think of them?

Mr. WOOD. I feel that anything which takes out of the control of Congress for some considerable period of time the determination of rates of duty would be unsettling to business, because of the liability to sudden and frequent changes.

Senator SMOOT. Of course, the rule is laid down there for action, and there would be no action taken unless the rule applies to the case brought to the attention of the President. I think that under conditions existing in the world to-day—and no one living can tell what they will be three months hence—we have got to delegate that power under the rules laid down in some form. Further, any rate

that may apply to goods shipped from France or England that does not apply to Germany, or any rate that may apply to conditions existing in Germany on goods made in Germany, if rates are put up sufficiently to take care of those, it will be an absolute embargo to England and France.

Senator WATSON. Precisely.

Senator SMOOT. How are you going to get around it?

Senator WATSON. That is the question I wanted to ask you. How do you get away from that situation?

Mr. WOOD. I undertook to give my personal view of that in the statement I made. My belief is we will have to suffer some measure of demoralization by reason of the liquidation in Europe and the depreciation of their currencies. I don't think there is any escape from it. I think the period during which that will continue is probably somewhat less than is generally anticipated. The moment we begin to buy largely in the countries where the currency has the greatest depreciation the inevitable effect will be to correct the existing evil in part. For a very long time, I presume it will be years, currencies and exchange will not be as stable as they were before the war, but I don't think the present extreme conditions can last long, and I don't think any legislative action will be able to entirely overcome the full measure of the extreme depreciation now prevailing.

Senator WATSON. If Germany has over one hundred billion of printed marks in circulation now, how do you suppose she will ever be able to overcome that situation?

Mr. WOOD. I rather suspect the same thing will happen that happened to our continental currency. When it fell to a ratio of 500 to 1 it ceased to circulate. Nobody paid any attention to it.

Senator WATSON. We will wade through rather deep water between now and then.

Mr. WOOD. I expect so.

Senator WATSON. Would not the hardship incident to a situation of that kind be greater to the American manufacturer than the system proposed by the President or by the amendment of Senator Smoot?

Mr. WOOD. I do not feel sure of that. The proposed elasticity of tariff rates would add one more uncertain factor to the other complicating uncertainties.

Senator WATSON. Or some other proposition which will in a measure alleviate the hardship incident to American valuation?

Mr. WOOD. I do not want to be put in the position of arguing against the suggestions of Senator Smoot or the President. We have already been waiting a year for needed tariff revision.

Senator SMOOT. That would not delay the bill any more than it will be delayed under the American valuation plan.

Mr. WOOD. We think the Tariff Commission would not make any faster progress than the Interstate Commerce Commission, and everybody knows how rapid that is.

Senator SMOOT. I hardly know how to proceed with this woolen schedule. You remember that when we undertook to substitute a bill for the woolen schedule in the Underwood bill I took it for granted that everything had been told me, and with the knowledge I had of the woolen business, while the rates in some respects were ex-

ceedingly high, and as long as we had to take into consideration the tariff upon wool, and twice the amount for washed, and three times for scoured, and four times for wool, I thought perhaps the duty was justified; but Mr. William M. Wood, of the American Woolen Co., the very morning after the Underwood bill was signed came out and told the American people that we who were standing for the old rates were doing a thing that was not justifiable, and that the Underwood bill was perfectly satisfactory to him. Of course, I felt like I had done something that perhaps was not altogether right as a legislator. I do not want any more suggestions of that kind, either to the committee or to any one else.

Senator McLEAN. Would it help this matter any if Congress fixed rates now and then gave the Tariff Commission the power to change those rates upon presentation of facts which demanded change?

Senator SMOOT. Based upon the rule we laid down.

Senator McLEAN. No; by fixing the rates now, starting the rate as near as we can assess them at the present time. Then you must have a change before your business is disturbed.

Mr. WOOD. No; the anticipation of a change is sufficient to stop the making of contracts. People don't await actual change of rates; the mere knowledge that changes are to be made or are likely to be made causes the effect to be anticipated.

Senator McLEAN. You do not think that would improve the situation?

Mr. WOOD. No, sir.

Senator WATSON. Would we have authority under the Constitution to confer power upon the Tariff Commission to make rates?

Senator SMOOT. We can lay down the rule by which the rates can be changed upon the presentation of facts. I hope to make a speech on it, and I will cite all the decisions on the question.

Mr. WOOD. What we are more immediately concerned with is to have an adequate and well-balanced tariff as speedily as possible, and we feel that anything which is going to introduce a new element of determination, even with any limitations, will keep the entire fabric of our industry in an unsettled state.

Senator McLEAN. What is the condition of the industry which you represent to-day?

Mr. WOOD. As respects employment?

Senator McLEAN. Yes; as respects employment and percentage of production.

Mr. WOOD. I should judge from the best information I have at the present time it is about 60 per cent employed, with the probability that by the 1st of January it will be nearer 50. It is a seasonal business. The placing of orders is very largely seasonal, and employment has been declining steadily for some weeks past, because in the selling period a full season's orders were not obtained.

Senator McLEAN. Is this anticipated competition indicating itself now?

Mr. WOOD. Yes, sir; in part. I would not want to be understood as saying that the entire present condition of depression is due to foreign competition. It is due in part to our own domestic liquidation. That is one reason why our imports have not been larger than they are. They have been constantly growing, but if we had anything like an adequate domestic consumption there would have been

a very much greater importation of foreign goods. The same causes which have operated to depress business generally here have depressed business for the foreign manufacturers who have been endeavoring to do business here.

Senator McLEAN. How do prices now compare with the top prices?

Mr. WOOD. It is rather difficult to make a general answer, because the variety of products is so great. I should say in a very general way that the prices to-day are about 50 per cent of the peak prices. In a great many cases they are less than 50. That is chiefly due to the great decline in prices of raw materials. There has been a decline in wages, too, but the decline has chiefly been in raw materials.

It may be of interest, because the question was asked a few moments ago, to make a comparison with the British wages. The best estimate that I have been able to obtain upon that subject I should be glad to give you. The old Tariff Board gave the average ratio of British wages to those of the United States of 45 or 50 to 100. That was the average. There were a great many cases where it was lower and some where it was higher, but the Tariff Board said in a general way it was from 45 or 50 to 100.

To-day, according to the latest information which we have, from an authentic and authoritative source, after the reductions which have been made in Great Britain during the past year, the present rates are 125 per cent over the prewar rates of 1914 and our rates are as a minimum 126 per cent over those of 1916, so that in percentage they are about the same, not allowing for any enhancement here between 1914 and 1916. That makes a rate of 112.5 to 226, but the present British rate is in a depreciated currency, so, after deducting the depreciation from the 112.5 it makes the actual 1921 ratio of 92¼ to 226; or, to put it in the same way the Tariff Board did, instead of from 50 to 100, it is now 40.9 to 100. That is to say, where the tariff board estimated the average British woolen wages to be 50 per cent of the average American woolen wages, it to-day figures out 41 per cent. This computation is based upon a comparison with the advance in the United States from 1916. If the comparison was made with the increase in the United States from 1914, as it should have been, the discrepancy would be still further increased.

Senator McLEAN. From what country do you anticipate the most severe competition?

Mr. WOOD. It varies a great deal, according to the kind of goods made. There are certain kinds of goods for which Germany, Poland, and Czechoslovakia are better prepared to compete than others, and on other goods Great Britain is better able to compete than others, but probably the most severe competition in many kinds of goods would come from Germany by way of Great Britain. That has already happened. A good deal of work is being done, either completely or partly, in Germany for Great Britain. There is a good deal of that kind of work being done.

Here is another wage comparison with Germany that may be of interest; it is the last statement we have of German wages. It gives German rates of as recent a date as November 28 in marks and shows the equivalents in United States currency and wage rates in the United States for corresponding work. The first item shows, for 48 hours' work, 1.26 in Germany against 27.97 here.

Senator McLEAN. Are there any American manufacturers establishing mills in Germany?

Mr. WOOD. I know of none. I understand there have been some existing cotton mills in Czechoslovakia that have been taken over by a group of English and American investors. I do not think any American organizations, as such, have obtained foreign plants, but there are American individuals in combination with some British individuals who have interested themselves with Czechoslovakian manufacturers.

Senator SMOOT. Have you heard of any woolen manufacturers or any merchants in the United States getting foreign wool and having it sent to Germany and Germany make it up for this market?

Mr. WOOD. No, Senator. I have heard of cases where wools were sent from here to Germany with the expectation of bringing them back, but as the wool duty would have to be paid on the product when brought back, that with the double transportation costs would make such transactions impracticable. Before the emergency tariff law was enacted it was possible to send wool from the United States to Germany, have it made into tops, brought back to the United States, and the duty on tops paid, the whole cost being less than the cost of having the work done within 20 miles of Boston.

Senator MCLEAN. When was that?

Mr. WOOD. That was before the emergency tariff went into effect. The wool was sent from here and made into tops, but they were not actually brought back, because the merchants who undertook the transaction had an opportunity to sell the tops on the other side, where at that time wool was very badly needed, because Germany was not then able to import wool in sufficient quantity for domestic needs.

Senator MCLEAN. Is that coming in now?

Mr. WOOD. No.

Senator MCLEAN. When did you say it took place?

Mr. WOOD. Before the emergency tariff went into effect. Since then Germany has obtained such an abundant supply of wool there is no need to obtain it by so unusual a route. Besides which, American wool prices are, of course, higher now than in the markets where Germany buys wool.

Senator SMOOT. Is England sending wool to Germany now?

Mr. WOOD. Yes.

Senator SMOOT. To be made up there?

Mr. WOOD. Yes. I think probably some of the witnesses to be heard will tell you of instances of knitted goods being made in Germany and brought into Great Britain and exported from Great Britain here. That is something I am not directly familiar with, but I have heard it discussed.

Senator SMOOT. I have heard of it, but I did not know to what extent it had developed.

Mr. WOOD. Now, Mr. Chairman, I have here quite a number of exhibits. I do not want to ask that they all be incorporated in the record, because it would be quite expensive to print the charts and tables. I will leave them, so they can be accessible to the members of the committee, and you can exercise your own judgment as to which of them should be printed. One is the comparison I just made of wages, another is a comparison of the effect of the 25-cent wool duty on different wools, a diagram showing the difference between clean-content and grease-wool duties, a comparison of German and

American wages, and a very complete and detailed statement of American wages, if you care for it.

Senator SMOOT. Let us have it put in the record. Then we will not have to be running around after it.

Senator MCLEAN. Very well. They may be incorporated in the record at the close of Mr. Wood's testimony.

Have you reduced wages some?

Mr. WOOD. Wages in the United States have been reduced 22½ per cent from the peak. They are now 126 per cent above the 1916 level and somewhat more above the 1914 level, as appears from a statement published by the United States Bureau of Labor Statistics.

Senator CALDER. Does that apply to your industry?

Mr. WOOD. Yes, sir.

I wish to make one statement in connection with the comparisons here. I have left as part of the appendixes referred to in my statement a comparison between the English, German, and French cost of making tops and yarns with the American. In comparing those differences it is necessary to take into account that the American price of wools has not yet felt the full effect of the emergency tariff.

I believe, Mr. Chairman, that is all I have to say.

Senator MCCUMBER. We are very much obliged to you. The exhibits you referred to may be incorporated in the record at this point.

(The documents referred to are as follows:)

Worsted yarns—Showing protective duty necessary to equalize costs of production, using commission spinning charges in England, France, and Germany and same charges in United States.

ENGLISH STERLING AT $3.60.

	2/20s.		2/30s.		2/40s.	
	England.	United States.	England.	United States.	England.	United States.
Cost of tops	0.80	1.18	0.80	1.18	0.80	1.18
Tops produce 92 per cent yarn—Cost	.87	1.28	.87	1.28	.87	1.28
Commission spinning	.184	.265	.221	.36	.274	.55
Cost of yarn	1.054	1.545	1.091	1.64	1.144	1.83
Freight and insurance	.04	.....	.04	.....	.04	.....
Compensatory (wool) duty	.30	.....	.30	.....	.30	.....
Necessary protective duty	.151	.....	.209	.....	.346	.....
	1.545	1.545	1.64	1.64	1.83	1.83

	2/50s.		2/60s.		2/70s.	
	England.	United States.	England.	United States.	England.	United States.
Cost of tops	0.80	1.18	0.80	1.18	0.80	1.18
Tops produce 92 per cent yarn—Cost	.87	1.28	.87	1.28	.87	1.28
Commission spinning	.352	.72	.502	.87	.735	1.12
Cost of yarn	1.222	2.00	1.372	2.15	1.605	2.40
Freight and insurance	.04	.....	.04	.....	.04	.....
Compensatory (wool) duty	.30	.....	.30	.....	.30	.....
Necessary protective duty	.438	.....	.438	.....	.455	.....
	2.00	2.00	2.15	2.15	2.40	2.40

Worsted yarns—Showing protective duty necessary to equalize costs of production, etc.—Continued.

FRENCH FRANC AT 8 CENTS.

	2/20s.		2/30s.		2/40s.	
	France.	United States.	France.	United States.	France.	United States.
Cost of tops	0.832	1.18	0.832	1.18	0.832	1.18
Tops produce 92 per cent yarn—Cost	.90	1.28	.90	1.28	.90	1.28
Commission spinning	.125	.265	.185	.36	.247	.55
Cost of yarn	1.025	1.545	1.085	1.64	1.147	1.83
Freight and insurance	.04	.....	.04	.....	.04	.....
Compensatory (wool) duty	.30	.....	.30	.....	.30	.....
Necessary protective duty	.180	.....	.215	.....	.343	.....
	1.545	1.545	1.64	1.64	1.83	1.83

	2/50s.		2/60s.		2/70s.	
	France.	United States.	France.	United States.	France.	United States.
Cost of tops	0.832	1.18	0.832	1.18	0.832	1.18
Tops produce 92 per cent yarn—Cost	.90	1.28	.90	1.28	.90	1.28
Commission spinning	.305	.72	.367	.87	.432	1.12
Cost of yarn	1.205	2.00	1.267	2.15	1.332	2.40
Freight and insurance	.04	.....	.04	.....	.04	.....
Compensatory (wool) duty	.30	.....	.30	.....	.30	.....
Necessary protective duty	.455	.....	.543	.....	.728	.....
	2.00	2.00	2.15	2.15	2.40	2.40

GERMAN MARK AT 1.3 CENTS.

	2/20s.		2/30s.		2/40s.	
	Germany.	United States.	Germany.	United States.	Germany.	United States.
Cost of tops	0.73	1.18	0.73	1.18	0.73	1.18
Tops produce 92 per cent yarn—Cost	.793	1.28	.793	1.28	.793	1.28
Commission spinning	.165	.265	.21	.36	.245	.55
Cost of yarn	.958	1.545	1.003	1.64	1.038	1.83
Freight and insurance	.04	.....	.04	.....	.04	.....
Compensatory (wool) duty	.30	.....	.30	.....	.30	.....
Necessary protective duty	.247	.....	.297	.....	.452	.....
	1.545	1.545	1.64	1.64	1.83	1.83

	2/50s.		2/60s.		2/70s.	
	Germany.	United States.	Germany.	United States.	Germany.	United States.
Cost of tops	0.73	1.18	0.73	1.18	0.73	1.18
Tops produce 92 per cent yarn—Cost	.793	1.28	.793	1.28	.793	1.28
Commission spinning	.285	.72	.34	.87	.41	1.12
Cost of yarn	1.078	2.00	1.133	2.15	1.203	2.40
Freight and insurance	.04	.....	.04	.....	.04	.....
Compensatory (wool) duty	.30	.....	.30	.....	.30	.....
Necessary protective duty	.582	.....	.677	.....	.857	.....
	2.00	2.00	2.15	2.15	2.40	2.40

Costs of various foreign wools, yield, clean cost, and cost clean plus duty, figured on both the basis of 11 cents per grease pound and a duty of 25 cents per pound of scoured content.

Description.	Patagonia merino.		Patagonia merino.		West Australian merino.		Australian 64s.		Australian 70s.	
	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.
Cost in grease (cents per pound)	10.5	10.5	13.5	13.5	17.0	17.0	28.5	28.5	35.0	35.0
Yield (per cent)	25.0	25.0	32.0	32.0	40.0	40.0	50.0	50.0	55.0	55.0
Cost clean (cents per pound)	42.0	42.0	42.2	42.2	42.5	42.5	57.0	57.0	63.6	63.6
Duty (cents per pound)	44.0	25.0	34.4	25.0	27.5	25.0	22.0	25.0	20.0	25.0
Cost clean plus duty (cents per pound)	86.0	67.0	76.6	67.2	70.0	67.5	79.0	82.0	83.6	88.6
Ad valorem equivalent of duty on clean foreign cost (per cent)	104.8	59.5	81.5	59.4	64.7	58.8	38.6	43.9	31.5	39.3

Description.	South Australian crossbreeds, 50s.		South Australian crossbreeds, 46s.		South Australian crossbreeds, 36/40s.		New Zealand crossbreeds, 50s.		New Zealand crossbreeds, 46s.	
	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.
Cost in grease (cents per pound)	15.0	15.0	11.5	11.5	9.5	9.5	22.0	22.0	18.0	18.0
Yield (per cent)	65	65	69	69	74	74	70	70	72	72
Cost clean (cents per pound)	23.1	23.1	16.7	16.7	12.8	12.8	31.4	31.4	25.0	25.0
Duty (cents per pound)	16.9	25.0	15.9	25.0	14.9	25.0	15.7	25.0	15.3	25.0
Cost clean plus duty (cents per pound)	40.0	48.1	32.6	41.7	27.7	37.8	47.1	56.4	40.3	50.0
Ad valorem equivalent of duty on clean foreign cost (per cent)	73.2	108.2	95.2	149.5	116.4	195.5	50.0	79.7	61.2	100.0

Description.	New Zealand crossbreeds, 36/40s.		Irish, low 1/4.		English, luster.		Scotch, black-face (carpet).	
	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.	Duty based on 11 cents per grease pound.	Duty based on 25 cents per pound scoured content.
Cost in grease (cents per pound)	10.0	10.0	19.0	19.0	13.0	13.0	8.5	8.5
Yield (per cent)	75.0	75.0	80.0	80.0	75.0	75.0	67.0	67.0
Cost clean (cents per pound)	13.3	13.3	23.8	23.8	17.3	17.3	12.7	12.7
Duty (cents per pound)	14.7	25.0	13.8	25.0	14.7	25.0	16.4	25.0
Cost clean plus duty (cents per pound)	28.0	38.3	37.6	48.8	32.0	42.3	29.1	37.7
Ad valorem equivalent of duty on clean foreign cost (per cent)	110.5	188.0	58.0	105.0	85.0	144.4	129.1	197.0

Comparison of German and American wages, October, 1921.

[German figures, as per cable dated Nov. 28, 1921, published in Daily News Record of Nov. 30, 1921. American figures, straight mathematical averages of returns received by the National Association of Wool Manufacturers as of Oct. 1, 1921.]

Occupation.	German wage, marks per hour.	Equivalent in United States currency with mark at $0.0035.		Wages in United States, October, 1921.	
		Per hour.	Per week 48 hours.	Average of all weekly returns divided by 48, per hour.	Average of all weekly returns, per week 48 hours.
Weaving hands	7.50	$0.0263	$1.2624	$0.5827	$27.97
Repair men	7.50	.0263	1.2624	.6388	[1] 30.66
Unskilled repair men	7.20	.0252	1.2096	.4325	20.76
Auxiliary repair men	5.90	.0207	.9936	.3991	19.16
Dyers and such	6.90	.0242	1.1616	.4272	20.51
Stokers	7.20	.0252	1.2096	[2] .6814	[2] 32.71
Men up to 16 years	3.30	.0116	.5568	.3239	[3] 15.55
Men 16 to 18 years	4.30	.0151	.7248	.3503	[4] 16.81
Men 18 to 20 years	5.40	.0189	.9072		
Women weaving hands, etc.	5.15	.0180	.8640	.5827	27.97
Women up to 16 years	2.65	.0093	.4464	.2888	[5] 13.86
Women 16 to 18 years	3.65	.0128	.6144	.3445	[6] 16.54
Women 18 to 20 years	4.10	.0144	.6912		
Drivers and janitors	[7] 294		1.0272	[2] .4661	[2] 22.37
Watchmen	[7] 360		1.2624	[2] .5872	[2] 28.19

[1] Blacksmiths, machinists, etc.
[2] In occupations marked thus the week in certain mills was longer than 48 hours. Actual hourly wage average is as follows: Stokers, $0.5397; drivers and janitors, $0.4100; watchmen, $0.3946.
[3] Bandboys.
[4] Weighboys.
[5] Doffers.
[6] Spinning, general help.
[7] Marks per week.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS.

Worsted-mill schedule—Average report of wages in effect Oct. 1, 1921.

DAY HANDS.

	Eastern Massachusetts.		Central and western Massachusetts.		Rhode Island.		Maine and New Hampshire.		Pennsylvania.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Wool sorting:										
Overlooker or inspector	$0.8063	$38.70	$0.8466	$40.65	$0.7878	$38.02	$0.7870	$40.84	$0.7347	$37.94
Sorter	.7168	34.41	.7515	36.08	.7391	35.46			.6570	34.63
Weigher	.6329	30.38	.4626	22.20	.4747	23.08				
General help	.4473	21.47	.4139	19.86	.4107	19.88			.4256	22.22
Preparing:										
Section hand			.7315	35.13	.5896	28.30				
Feeder	.3950	18.96	.3820	18.33						
Lap man	.3950	18.96	.3420	16.43						
Can man	.3750	18.00								
General help					.3821	18.30				
Carding:										
Section hand	.6498	31.19	.6436	30.90	.6099	29.81			.6673	34.97
Card clother	.5178	24.86	.5355	25.70						
Card fixer	.4590	22.03	.4982	23.92						
Card grinder	.4751	22.80	.4202	20.18	.4768	22.94			.4612	23.37
Card stripper	.4075	19.56	.4127	19.81	.4406	21.30	.4295	22.39	.4720	24.71
Card feeder	.3771	18.10	.3620	17.42	.3861	18.63	.3760	19.50	.3837	20.00
Baller	.3916	18.80	.3433	16.48	.3540	17.11	.4005	20.83	.3723	19.26
Duster	.3860	18.53	.3563	17.10	.4226	20.60			.4403	23.15
General help	.3831	18.39			.3666	17.73			.4608	23.9[illegible]

Worsted-mill schedule—Average report of wages in effect Oct. 1, 1921—Contd.

DAY HANDS—Continued.

	Eastern Massachusetts.		Central and western Massachusetts.		Rhode Island.		Maine and New Hampshire.		Pennsylvania.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Combing—French:										
Section hand	$0.7148	$34.31	$0.8859	$42.53						
First gilling	.3995	19.18	.2900	13.92	$0.3373	$16.19				
Second gilling	.3895	18.70	.2900	13.92	.3160	15.17				
Third gilling	.3895	18.70	.2900	13.92	.3160	15.17				
Comber	.4170	20.02	.3000	14.39						
Back washer	.4042	19.40	.4055	19.48	.3864	18.55				
Assembly	.3697	17.75			.3821	18.34				
Oiler and finisher	.3995	19.18	.3755	18.03	.3452	16.57				
Combing—Bradford:										
Section hand	.7312	35.10	.6265	30.08	.6641	31.86	$0.4955	$25.64	$0.6700	$34.82
Comb fixer	.4648	22.31	.4987	23.94	.5179	24.85			.5966	32.43
Back wash tender	.3935	18.89	.4125	19.80	.3785	18.49			.3470	18.28
First gilling	.3453	16.58	.3305	15.87	.3393	16.40	.3960	20.59	.2890	15.19
Second gilling	.3303	15.86	.3499	16.80	.3294	15.94	.3805	18.83	.3005	15.81
Ball winder (punch box)	.3650	17.52	.3163	15.18	.3339	16.22			.3518	18.18
Comb minder	.4352	20.89	.4269	20.49	.3749	18.41			.3483	18.01
Gill box tender	.3565	17.11	.3402	16.33	.3257	15.74	.4300	22.44	.3886	19.98
Finishing box tender	.3813	18.30	.3402	16.33	.3181	15.41			.2773	14.12
Pinsetter for gills	.6198	29.75	.5445	26.15	.6793	32.58			.5217	28.50
Pinsetter for combs	.6728	32.30	.7313	35.08	.6524	31.30	.7000	36.22		
Top weigher	.5465	26.23	.5096	25.86	.4050	19.53	.4005	20.83	.4779	25.36
Top packer	.4647	22.31	.3928	18.85	.3690	18.10	.4005	20.83	.4100	21.37
General help	.3950	18.96	.3220	15.47	.3493	16.85	.4100	21.34	.3446	17.52
Top slub, and yarn dyeing:										
Drug man	.4903	23.53			.5223	25.07				
Top dyeing machine tender	.4288	20.58			.4025	19.71			.5724	30.88
General help	.3942	18.92			.3739	18.34				
Drawing—French:										
Section hand	.7003	33.61								
Drawing gill tender	.3818	18.33			.3349	15.35			.3115	16.98
Baller	.3843	18.45			.3272	15.71				
Drawing frame tender	.3577	17.17			.3197	15.34				
Reducer	.3770	18.10			.3237	15.54			.2666	14.53
Slubber	.3594	17.25			.3275	15.72				
Intermediate	.3552	17.05			.3288	15.78			.3270	17.72
Rover	.3552	17.05			.3250	15.60			.2686	14.65
Finisher	.3552	17.05			.3212	15.41			.3755	19.40
General help	.3644	17.49			.3039	14.59			.2301	12.53
Drawing—Bradford:										
Section hand	.7962	38.24	.6281	30.15	.6868	32.96	.6400	32.83	.6825	35.82
Helper (assistant section hand)	.4709	22.60	.4383	21.04	.4464	21.52	.4420	22.28	.4288	22.19
Weighboy	.3726	17.89	.3590	17.23	.3327	16.24	.3480	17.82	.2814	14.89
Can gill box	.3453	16.57	.3259	15.65	.3230	15.64	.3540	18.33	.2976	15.77
2-spindle box	.3568	17.13	.3279	15.75	.3349	16.23	.3540	18.33	.3087	16.16
First and second drawing	.3586	17.21	.3456	16.59	.3294	15.95	.3617	18.70	.3513	16.21
Weigh box	.3555	17.06	.3665	17.59	.3438	16.62	.3360	18.14	.2871	15.20
Finisher box	.3486	16.73	.3619	17.37	.3396	16.62	.3613	18.53	.2994	15.89
Cone finisher	.3462	16.62	.3299	15.84	.3134	15.05			.3310	17.80
Cone reducer	.3465	16.63			.3344	16.05			.3310	17.80
Dandy rover	.3463	16.62	.3387	16.26	.3070	14.88	.3283	17.00	.2804	14.57
Speeder	.3352	16.09			.2847	13.84			.2890	15.63
Oiler	.3329	15.98	.3211	15.41	.3008	14.56			.2848	15.08
Doffer	.2799	13.43	.3088	14.83	.2430	11.68			.2659	14.38
Roving hand	.3551	17.05	.3270	15.70	.4400	21.21			.2890	15.63
General help	.3600	17.28	.3225	15.48	.3244	15.71			.2733	13.96
Ring spinning:										
Doffer									.2559	13.83
Band fixer									.2694	14.58

Worsted-mill schedule—Average report of wages in effect Oct. 1, 1921—Contd.

DAY HANDS—Continued.

	Eastern Massachusetts.		Central and western Massachusetts.		Rhode Island.		Maine and New Hampshire.		Pennsylvania.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Cap spinning:										
Section hand	$0.7187	$34.50	$0.6824	$32.76	$0.7240	$34.74	$0.6660	$33.68	$0.6749	$35.19
Section helper	.4801	23.04	.5140	24.67	.4546	22.01	.4223	21.39	.3548	18.83
Spinner—										
By number of spindles—										
400 spindles					.3716	18.13				
300 spindles					.3366	16.42			.3053	15.26
200 spindles					.3015	14.72			.2932	14.97
By sides—										
2 sides	.3005	14.43	.2990	14.35	.2907	13.96			.2960	16.03
3 sides	.3550	17.04	.3333	16.00	.2933	14.07			.3443	18.65
4 sides	.4015	19.27	.3887	18.66	.3133	15.04			.4285	23.23
Rewinder	.3250	15.60			.3273	15.93				
Yarn sorter (examiner)	.3440	16.52	.3190	15.30	.3345	16.19			.3559	17.94
Doffer	.2669	12.81	.2670	12.81	.2473	11.97	.2780	14.19	.2515	13.14
Bobbin setter	.2766	13.10	.2816	13.52	.2504	12.10	.2800	13.70	.2639	13.76
General help	.3295	15.82	.2911	13.97	.2895	14.03			.2857	14.99
French spinning:										
Section hand	.7248	34.79							.8248	44.55
Spinner					.6436	34.43				
Piecer					.5652	30.38				
Doffer	.3820	18.34			.3117	14.96				
Creeler	.3476	16.69				14.82			.3315	18.15
General help					.3372	16.19				
Doubling and twisting:										
Section hand	.6780	32.54	.6111	29.32	.6356	30.62	.5258	27.00	.6135	31.74
Doubler					.4173	20.26			.2818	14.64
Twister	.3650	17.52	.3345	16.06	.3322	16.05	.3385	17.38	.3291	16.86
Tape fastener (band boy)	.3000	14.40	.3223	15.47	.3463	16.72	.3133	16.50	.2790	14.64
General help	.3600	17.28	.3360	16.13	.3052	14.74	.3050	15.85	.3214	16.78
Reeling, winding, and spooling:										
Section hand	.6042	29.00	.6331	30.32	.6511	31.24	.5025	25.72	.5638	29.08
Winder					.2930	14.18	.3035	15.47	.2944	15.16
Skein winder	.3257	15.63			.3435	16.71			.2912	14.43
Skein spool winder									.2896	13.90
Jack spooler	.3128	15.01	.3520	16.90	.2946	14.23			.2928	15.10
Reeler	.3306	15.87	.3617	17.36	.3094	14.95			.2885	14.75
General help	.3557	17.07	32.75	15.72	.3232	15.39	.3935	20.53	.2484	12.66
Dressing:										
Section hand	.6406	31.31	.7645	36.70	.6672	32.03			.8492	42.50
Dresser tender	.6663	31.98	.6225	29.88	.6537	31.39			.6667	33.00
Warp splitter	.3875	18.60	.3825	18.35	.4987	23.95				
Long chain beamer					.4492	21.55				
Slasher warper	.4352	20.89								
Slasher tender	.6091	29.23	.5988	28.75	.6387	30.66				
Slasher helper	.3804	18.26	.3908	18.75	.3460	16.61				
Beam fixer	.4081	19.59								
Size mixer	.4312	20.70	.4413	21.17						
General help	.3932	18.87	.4179	20.05	.3916	18.80				
Weaving:										
Harness builder	.4511	21.65	.4807	21.40	.4919	23.62			.3788	19.22
Warp tying machine	.5494	26.37	.5058	24.29	.6294	30.15				
Twister-in	.5176	24.84			.6068	29.12				
Drawer-in	.3863	18.54								
Hander-in	.2600	12.22			.2505	11.58				
Chain builder	.4015	19.27			.3994	19.18			.3902	19.77
Drop wire adjuster	.2696	12.38			.2456	11.34			.2362	11.62
Loom fixer	.7464	35.83	.6939	35.14	.7305	35.07			.6008	32.25
Harness raiser	.5725	27.48	.5465	27.70	.5847	28.18			.6417	30.80
Cloth and bobbin carrier	.3281	15.60			.4304	20.67				

Worsted-mill schedule—Average report of wages in effect Oct. 1, 1921—Contd.

DAY HANDS—Continued.

	Eastern Massachusetts.		Central and western Massachusetts.		Rhode Island.		Maine and New Hampshire.		Pennsylvania.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Weaving—Con.										
Filling carrier	$0.3931	$19.01	$0.3624	$17.91	$0.4120	$19.79	.....	.....	$0.4357	$21.26
Weaver	.4941	23.74	.....	.....	.....	.....	.....	.....	.....	.....
Cloth percher	.5350	25.68	.5196	25.19	.5356	25.58	.....	.....	.4014	22.80
Waste sorter	.3736	18.39	.3813	19.29	.3485	16.73	.....	.....	.3325	16.31
General help	.3451	16.74	.....	.....	.3975	19.09	.....	.....	.....	.....
Burling, mending, and gray room:										
Section hand	.6207	29.79	.....	42.50	.6180	29.73	.....	.....	.6230	30.83
Marker	.4117	19.77	.4091	19.63	.4331	20.83	.....	.....	.3616	18.00
Burler	.3504	16.82	.3298	15.83	.3341	17.02	.....	.....	.....	.....
Mender (sewer)	.4198	20.15	.4103	19.69	.4570	21.97	.....	.....	.....	.....
Examiner	.4415	21.19	.4233	20.32	.4972	23.88	.....	.....	.4016	20.08
Stockman	.4817	23.73	.....	.....	.4395	21.13	.....	.....	.....	.....
Sewing machine tender	.3342	16.04	.3445	16.54	.3902	18.76	.....	.....	.3344	16.05
Beaming machine tender	.3808	18.28	.....	.....	.....	.....	.....	.....	.....	.....
General help	.3767	18.08	.3407	16.35	.4044	19.42	.....	.....	.....	.....
Dyeing and finishing:										
Crabbing and steaming—										
Section hand	.5526	26.50	.....	.....	.5800	27.84	.....	.....	.....	.....
Crabber	.3986	19.64	.4185	21.65	.4393	21.09	.....	.....	.4025	19.75
Steamer	.4044	19.41	.4185	21.00	.4324	20.77	.....	.....	.....	.....
Sewer	.4025	19.32	.4940	23.70	.4052	19.46	.....	.....	.....	.....
Scouring, fulling, and tacking—										
Section hand	.5641	27.07	.4507	22.71	.5685	27.30	.....	.....	.4995	24.53
Tacking machine tender	.3566	17.12	.....	.....	.4515	19.76	.....	.....	.....	.....
Scourer	.3881	18.88	.3854	19.54	.4161	19.97	$0.4350	$22.58	.4719	23.95
Scutcher	.4097	20.17	.....	.....	.4220	20.25	.....	.....	.....	.....
Sewer	.3963	19.02	.....	.....	.4053	19.47	.....	.....	.....	.....
Soap maker	.4158	20.29	.....	.....	.4110	19.73	.....	.....	.....	.....
Fulling machine tender	.4144	20.17	.....	.....	.4136	20.10	.....	.....	.4620	22.18
Napper tender	.3913	19.46	.....	.....	.4269	20.48	.....	.....	.....	.....
Drying—										
Section hand	.5643	27.09	.....	.....	.6966	33.39	.....	.....	.....	.....
Can dryer	.4224	20.27	.4085	19.62	.4304	20.10	.....	.....	.....	.....
Pin dryer	.3980	19.10	.3880	21.48	.4235	20.33	.....	.....	.4146	20.33
Dewing machine tender	.3900	18.72	.3850	18.48	.4008	19.24	.....	.....	.....	.....
Singeing—										
Section hand	.4850	23.28	.....	.....	.6188	29.70	.....	.....	.....	.....
Singeing machine tender	.4215	20.22	.4958	23.80	.4223	20.21	.....	.....	.....	.....
Beaming machine tender	.4800	23.03	.....	.....	.....	.....	.....	.....	.....	.....
Dyeing—										
Foreman	.5261	25.62	.6080	33.45	.6406	36.82	.....	.....	1.0469	53.47
Kettle hand	.4021	19.55	.4200	22.40	.4414	21.16	.....	.....	.4313	21.20
Color mixer or drug man	.4438	21.30	.4753	25.65	.4743	22.76	.....	.....	.5683	28.38
Jigs and pads—										
Foreman	.4900	23.04	.....	.....	.....	.....	.....	.....	.....	.....
Padder	.4025	19.32	.....	.....	.....	.....	.....	.....	.....	.....
Vacuum extractor	.4072	19.55	.....	.....	.3945	18.94	.....	.....	.....	.....
Scutcher	.4151	19.93	.....	.....	.4500	21.63	.....	.....	.....	.....
Basket extractor	.3846	18.46	.....	.....	.....	.....	.....	.....	.....	.....
Sewer	.4117	19.76	.....	.....	.4163	19.98	.....	.....	.....	.....

Worsted-mill schedulo—Avcrage report of wages in effect Oct. 1, 1921—Contd.

DAY HANDS—Continued.

	Eastern Massachusetts.		Central and western Massachusetts.		Rhode Island.		Maine and New Hampshire.		Pennsylvania.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Dyeing and finishing—Continued.										
Carbonizing—										
Foreman	$0.4740	$22.75								
Carbonizing machine tender	.4081	20.00								
Sewer	.4151	19.93								
Dye-house examining—										
Section hand	.7699	36.96			$0.6838	$32.84				
Percher	.4776	22.99			.5031	24.14				
Sewer	.4003	19.22			.4905	23.55				
Specker	.3178	15.26			.2832	13.59			$0.2988	$14.34
Finished mender	.4638	22.26			.4879	23.42			.5000	$24.67
Shear department—										
Section hand	.5338	27.24			.5664	27.19			.5625	27.00
Shear tender	.4350	21.21	$0.3783	$18.29	.4491	21.56			.4070	19.96
Napper tender	.4000	19.87							.4001	19.63
Brusher	.3911	19.13			.3988	19.14			.3775	18.55
Pressing and dry steaming—										
Section hand	.5039	24.19			.5605	26.90				
Rotary press tender	.3963	19.25	.3550	17.04	.4173	20.03			.4402	21.13
Hydraulic press tender	.4017	19.28	.5100	24.47	.4375	21.00				
Decatizing machine tender	.4532	21.76			.4310	20.65				
Steamer helper	.3860	18.53								
General help—										
Wet finishing	.3811	18.30	.3813	18.30	.4042	19.40			.4025	19.75
Dry finishing	.3769	18.09			.3920	18.82			.4025	19.75
Dyeing	.3855	18.50			.3925	18.84			.4438	21.30
Final examining and shipping department:										
Cloth examiner	.4722	22.67	.4920	24.53	.5293	25.38			.4617	22.84
Measurer	.4095	19.66	.4337	21.62	.4408	21.15			.3775	18.55
Winder	.4156	19.95			.4012	19.25				
Weigher	.4167	20.00	.3925	20.06	.4347	20.87	$0.3925	$21.19	.4032	20.00
Shader	.5043	24.21			.4963	23.83				
Maker-up	.4075	19.56			.5266	25.23			.3958	19.40
Packer	.4944	24.08	.4685	22.48	.4379	21.14	.4083	21.25	.4794	23.41
Baler	.3995	19.17			.3937	18.90			.4067	20.12
Caser and trucker	.4001	19.55			.3978	19.36				
Pattern maker	.3050	14.64								
Machine sewer	.3275	15.72			.3978	19.15				
Stamper	.3137	15.06			.4605	22.10				
General help	.3895	18.72	.3813	18.30	.4032	19.44				
General:										
First-class engineer	.7746	45.51		42.50	.7231	41.57	.6580	38.25	.7498	43.04
Second-class engineer	.6375	38.24			.5663	35.59			.6080	32.69
Third-class engineer	.5403	30.96								
Oiler	.4198	22.23	.4749	25.50	.4916	24.22			.5740	31.00
Electrician	.6252	33.30	.6748	33.64	.6422	33.21			.6287	33.45
First-class fireman	.5482	33.11	.5210	32.54	.4924	30.54			.5623	31.98
Second-class fireman	.5536	33.23	.5475	35.19	.4584	26.64			.5091	29.86

Worsted-mill schedule—Average report of wages in effect Oct. 1, 1921—Contd.

DAY HANDS—Continued.

	Eastern Massachusetts.		Central and western Massachusetts.		Rhode Island.		Maine and New Hampshire.		Pennsylvania.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
General—Continued.										
Third-class fireman	$0.6000	$30.85								
Unlicensed fireman	.5625	28.93			$0.4635	$29.13	$0.4150	$22.41	$0.4450	$22.06
Watchman	.4068	27.25	$0.4070	$25.72	.3908	31.28	.3340	28.93	.3962	27.23
Yard laborer	.4322	20.74	.4054	20.30	.4247	21.79	.4065	21.16	.4220	22.20
Teamster	.4268	20.49	.4455	23.24	.4657	23.24	.4065	21.16		23.75
Chauffeur (for trucks)	.5104	24.50	.4930	28.00	.5624	26.73	.4165	23.55	.6003	31.77
Carpenter	.6195	29.74	.5928	28.45	.6501	31.37	.6674	33.68	.5862	30.25
Painter	.5243	25.82	.5333	25.60	.5633	27.02			.5591	29.06
Blacksmith	.6332	30.39	.5763	27.66	.6632	30.67			.6230	30.55
Tinsmith	.6588	31.37			.5478	26.30				
Machinist	.6331	30.39	.6272	31.58	.7094	33.95	.5640	29.60	.6392	32.95
Piper	.6360	30.48	.6418	30.81	.5793	29.26	.5709	29.55	.5800	30.39
Mason	.6359	30.52			.6669	31.97				
Helper	.4450	21.36	.4285	20.58	.4306	21.04	.4065	21.16	.3642	19.38
Elevator man	.3674	17.92	.3810	18.97	.3756	18.02	.3310	17.17	.3346	17.80
Box maker	.5113	24.54			.5023	24.17				
Nurse		30.73		32.50		26.50				

PIECEWORKERS.

	Average normal earnings per week.				
	Eastern Massachusetts.	Central and western Massachusetts.	Rhode Island.	Maine and New Hampshire.	Pennsylvania.
Wool sorting, sorter	$36.67	$34.44	$35.19		$35.13
Drawing—Bradford:					
Cone reducer		20.00			
Speeder		19.50			
French spinning:					
Spinner	39.73				35.00
Joiner	31.75				
Piecer	23.83				23.00
Doubling and twisting:					
Doubler	21.59		15.47		
Twister	19.73	18.29	19.00		19.83
Reeling, winding, and spooling:					
Winder	21.21	18.50	16.88	$20.00	
Skein winder	23.27	19.75			16.02
Skein spool winder					16.19
Jack spooler	21.34	17.57	19.42		
Reeler	20.83		20.26		27.50
Dressing, long chain beamer	31.97				
Weaving:					
Drawer-in	23.45	22.38	22.77		22.05
Drop-wire adjuster	17.18	13.75			
Weaver	28.01	29.24	28.38		28.95
Cloth percher	26.46				
Burling, mending, and gray room:					
Marker	23.57				
Burler	23.00	17.50	20.47		19.91
Bender (sewer)	27.33		25.82		17.16
Examiner	31.75				
Dye house examining, specker	21.88				
Shear department, shear tender	31.72				
Final examining and shipping department:					
Cloth examiner	31.76				
Measurer	33.14				
Winder	30.96				

Woolen-mill schedule—Average report of wages in effect Oct. 1, 1921.

DAY HANDS.

	Eastern Massachusetts.		Central and western Massachusetts.		Maine and New Hampshire.		New York and New Jersey.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Wool sorting:								
Overlooker or inspector	$0.7295	$35.00			$0.6382	$34.47		
Sorter	.7020	33.27						
Weigher			$0.4463	$21.37	.3960	20.91	$0.4500	$21.60
General help	.4397	21.10			.3960	20.91		
Wool scouring, drying, and carbonizing:								
Feeder	.4120	20.01	.4175	20.04				
Scouring-machine tender	.4004	19.21	.4345	20.85	.4700	25.42	.5000	24.06
Acid-tank tender	.4155	20.14			.4141	21.50		
Extractor man	.3893	18.84	.4170	20.02	.4106	21.63		
Dryer man	.4002	21.28	.4051	19.45	.4709	25.06		
General help	.3944	19.10	.3786	18.17	.4063	21.40		
Stock dyeing:								
Drug man	.4157	23.15	.5430	21.74	.6480	34.41	.5553	27.55
Open tub man	.4280	20.55	.3916	18.79	.4490	22.75		
Stock dye machine tender	.4080	19.58	.4293	20.61	.3970	20.69	.4535	23.00
Yarn dye machine tender	.4080	19.58	.4440	21.31	.4174	21.29		
Extractor man	.4223	20.27	.4028	19.33	.4031	20.27	.3895	19.85
General help	.4087	19.62	.4047	19.42	.3942	20.00	.4040	20.07
Picking and carding:								
Burr picker tender	.4073	20.38	.3845	18.46	.4110	21.04		
Mixing picker tender	.4153	20.35	.3951	19.97	.4186	21.58	.4337	21.54
Rag picker tender	.4097	19.93	.3802	18.25	.3901	21.06	.3906	20.06
Duster man	.4100	19.89	.3833	19.40	.4015	21.69	.3960	20.06
Garnett machine tender	.3860	18.53	.4084	19.60	.3906	20.72	.4500	21.56
Waste sorter	.3895	18.70	.3128	15.01	.3232	16.42	.2665	13.62
Card stripper	.4233	20.42	.4422	21.22	.4279	21.94	.4215	20.95
Card grinder	.4660	22.71	.5104	24.50	.4848	25.66	.5490	28.00
Roving weigher			.4762	22.86	.4577	22.96	.5200	26.50
Breaker tender	.4017	18.92	.3916	18.80	.3501	17.97	.3895	19.29
Finisher tender	.4103	19.27	.3622	17.39	.3586	18.21	.3553	17.48
Card feeder	.3824	18.48	.3733	18.16	.3996	20.51	.3895	19.29
General help	.3967	19.16	.3930	18.87	.3727	19.12	.3948	19.63
Spinning and twisting:								
Mule fixer	.6754	32.39	.5807	27.87	.6108	31.48	.6523	32.53
Mule spinner					.4875			
Roving carrier	.4257	20.45	.3094	17.79	.3612	18.36	.3422	17.20
Yarn weigher	.4080	19.60	.4320	20.74	.4605	24.64	.4250	21.07
Yarn carrier	.3985	19.14	.4112	19.74	.4388	22.48		
Waste sorter	.3740	17.95	.3417	16.41	.3907	20.38		
Twister tender	.3430	16.47						
Spool strippers (cleaners)			.3479	16.70	.3018	15.39	.3000	14.40
General help	.4015	19.27	.3738	17.94	.3571	18.83	.3510	17.90
Spooling, winding, and dressing:								
Yarn spooler					.3023	15.40		
Bobbin winder			.3413	16.38			.3325	15.88
Yarn weigher	.4730	22.70	.3958	19.00	.4486	22.63		
Dresser tender—								
Wet frame	.6375	30.60						
Dry frame	.5873	28.19	.6081	29.18	.5855	29.29	.5440	26.73
Beam fixer	.4155	19.97	.4233	20.32				
Size mixer			.4560	21.89				
General help	.3659	17.56	.4100	19.68	.3993	19.94	.3623	18.44
Drawing-in and weaving:								
Drawer-in	.3997	19.19			.3712	19.21	.3210	16.00
Hander-in	.2713	13.03	.2255	10.83	.2449	12.76		
Twister-in	.4734	22.69						
Harness builder	.4263	20.45	.3923	18.83	.4221	22.78		
Loom fixer	.7303	35.06	.6337	31.53	.6113	30.50	.6317	31.38
Chain builder	.5303	25.44	.4508	21.64	.4878	25.10		
Harness raiser (overlooker)	.5595	26.87	.4490	27.14	.5536	28.03	.7025	33.70
Cloth and bobbin carrier	.4050	19.45	.4417	21.20	.3784	18.64	.3490	17.76
Filling carrier	.4169	20.05	.4543	21.81	.4683	22.73	.5240	26.23
Yarn steamer	.4203	20.19	.4271	20.50	.5100	23.41	.4300	20.60
Waste sorter	.3720	17.85	.3847	18.47	.3076	15.94	.3750	18.00
Percher	.5372	25.79	.5254	25.21	.5392	27.49	.5757	28.63
Marker and numberer			.2607	12.51	.4002	21.12	.4495	18.00
General help	.4270	20.50	.4433	21.28	.4068	20.89	.3585	18.26

Woolen-mill schedule—Average report of wages in effect Oct. 1, 1921—Continued.

DAY HANDS—Continued.

	Eastern Massachusetts.		Central and western Massachusetts.		Maine and New Hampshire.		New York and New Jersey.	
	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.	Normal per hour average.	Normal per week average.
Burling and mending:								
Examiner			$0.4450	$21.36			$0.5185	$26.50
Burler	$0.3353	$16.09	.3264	15.67	$0.2986	$14.33		
Mender	.3572	17.15	.3953	18.97	.3503	17.28		
Mender examiner			.4536	21.77			.4000	19.16
General help	.3329	15.99	.4005	19.23				16.02
Dyeing and finishing:								
Tacking machine			.3829	18.38	.4090	20.52	.3945	20.10
Fuller	.4436	21.28	.4491	21.73	.4635	23.74	.4930	29.49
Scourer	.4174	20.02	.4250	20.40	.4557	23.14	.4753	23.69
Soap maker	.4497	21.60	.3837	18.42	.3834	19.52	.4503	22.51
Drug man	.4635	22.25	.4147	19.91				
Dye kettle man	.4060	19.50	.3915	18.79	.4096	21.34	.3948	20.00
Teasel setter			.3977	19.09	.4130	22.32	.4057	20.29
Gig tender			.4046	19.42	.3766	19.78	.4057	20.17
Napper tender	.4015	19.28	.3863	18.55	.3679	19.42	.3860	19.76
Acid tank man	.3695	17.75	.4433	21.28	.4230	21.89		
Carbonizer dryer	.3625	17.40	.4138	19.86	.3616	18.61		
Extractor	.4158	19.96	.3882	18.63	.4034	20.48	.4180	20.84
Dryer tender	.4009	19.25	.3771	18.14	.3950	20.09	.4132	20.56
Rough examiner	.3625	17.40	.4451	21.37				
Shear tender	.4239	20.35	.4143	19.88	.4191	21.46	.4382	21.91
Brush tender	.3920	18.85	.3751	18.01	.3684	19.29	.3490	17.76
Steamer tender	.4245	20.40	.4069	19.53	.4336	22.87	.3598	18.50
Rotary press tender	.4141	19.88	.3822	18.35	.3955	20.30	.4148	20.67
Decating			.3887	18.71				
Hydraulic press tender	.4400	21.07			.4447	24.01		
Finish examiner	.4829	23.19	.5276	25.33	.5398	27.98	.5788	29.17
Specker	.2965	14.23	.2798	13.43	.2644	13.11	.2395	12.10
Finish sewer	.4249	20.40	.4506	21.63	.3962	19.92		
Measurer	.4024	19.32	.4100	19.68	.4182	21.67	.3923	19.51
Folder, roller or putter-up	.4079	19.57	.3881	18.63	.4407	22.43	.3860	19.17
Caser and trucker	.3917	18.81	.4055	19.47	.4272	22.02	.4737	23.73
General help	.4059	19.49	.3981	19.11	.3813	19.40	.4057	20.17
General:								
First-class engineer	1.0900	54.90	.7470	44.21		34.75		35.00
Second-class engineer	.6625	38.29	.5887	35.96		32.32		
Oiler	.4053	22.76	.4849	23.28	.4651	25.12	.4010	20.30
Electrician	.6589	31.79	.6219	31.21	.6049	31.77	.6505	32.18
First-class fireman	.5494	33.84	.5370	37.48	.5674	29.46		
Second-class fireman	.4835	33.46	.4758	34.23	.5034	30.50		
Third-class fireman			.4365	29.23				
Unlicensed fireman			.4960	23.80	.4609	25.00	.4585	25.20
Watchman	.4656	31.04	.3730	26.41	.4029	29.64	.3753	26.17
Yard laborer	.4115	20.41	.4195	20.13	.4186	21.68	.3993	19.84
Teamster		22.39	.4292	20.98	.4219	23.34	.4725	22.76
Chauffeur (for trucks)	.4968	25.92	.5510	26.54	.4588	23.99	.4560	23.30
Carpenter	.6314	30.31	.6392	30.68	.5797	30.15	.6343	31.71
Painter	.5700	27.37	.5498	26.38	.5256	27.83	.5095	25.50
Blacksmith	.5860	28.13	.6181	29.66	.5845	30.87	.5950	28.50
Tinsmith			.6886	33.05	.6165	33.30		
Machinist	.6344	31.14	.6047	29.02	.6383	32.63	.6755	33.60
Piper	.5243	25.17	.6330	31.15	.5418	27.62	.5920	29.75
Mason			.6884	33.05	.5766	31.13		
Helper			.4217	20.24	.4118	21.57		
Elevator man	.4125	19.82	.3359	16.12	.3155	16.10	.4325	20.76
Box maker			.3900	18.72	.5156	27.64		
Nurse				42.15				

Woolen-mill schedule—Average report of wages in effect Oct. 1, 1921—Continued.

PIECEWORKERS.

	Average normal earnings per week.			
	Eastern Massachusetts.	Central and western Massachusetts.	Maine and New Hampshire.	New York and New Jersey.
Wool sorting, sorter	$34.47			
Spinning and twisting, mule spinner	35.87	$31.21	$33.10	$29.75
Spooling, winding, and dressing:				
Yarn spooler	21.21	18.96	22.45	20.96
Dresser tender—				
Wet frame	34.35	35.14		
Dry frame		28.00		
Drawing in and weaving:				
Drawer in	25.50	24.54	27.13	
Twister in	31.59			
Weaver	28.67	27.25	28.64	28.83
Burling and mending:				
Burler		22.37	22.92	21.23
Mender	24.48	30.29		
Dyeing and finishing, specker			16.13	

Woolen and worsted schedule—Passaic, N. J.—Oct. 1, 1921.

[The schedule for the Passaic district is prepared on special forms devised by the Industrial Council of Passaic Wool Manufacturers, in which the classification of occupations differs from ours sufficiently to make transfer to our forms impracticable. The following schedule covers the wages in effect in Passaic since Jan. 31, 1921.]

Occupation.	Sex.	Mode of payment.	Lowest per hour (cents).	Highest per hour (cents).	Hours per week.
Sorting department:					
Sorter	Male	Piece	(1)	(1)	
Do	Female	do	(1)	(1)	48
Weigher	Male	Hour	42-45	54	48
General help	do	do	42-45	54	48
Combing department wash house:					
Feeder	do	do	42-45	54	48
Soap and soda mixer	do	do	42-45	54	48
Scourer	do	do	50	60	48
General help	do	do	42-45	54	48
Carding:					
Card feeder	do	do	42-45	54	48
Card clother	do	do	46	60	48
Card grinder	do	do	46	60	48
Card stripper	do	do	46	60	48
Baller	do	do	42-45	54	48
Do	Female	do	30-32	40	48
General help	Male	do	42-45	54	48
Combing:					
Gillbox tender			30-32	40	48
Comb tender	Female	do	30-32	40	48
Assemblybox tender	Minor	do	23	33	45
Finish gill tender			30-32	40	48
Comb fixer	Male	do	42-45	54	48
Backwash tender	do	do	42-45	54	48
General help	do	do	42-45	54	48
Needle room:					
Pinsetters for gill	do	do	42-45	54	48
Do	Minor	do	28	36	45
Pinsetters for comb	Male	do	42-45	54	48
Do	Minor	do	28	40	4
Preparing department:					
Cylinder clother	Female	do	30-32	40	48
Cylinder paperer	Minor	do	23	33	45
General help	Male	do	42-45	54	48
Drawing:					
Machine tenders	Female	do	30-32	40	48
General help	Male	do	42-45	54	48

[1] Average earnings, $32 to $36 per week.

Woolen and worsted schedule—Passaic, N. J.—Oct. 1, 1921—Continued.

Occupation.	Sex.	Mode of payment.	Lowest per hour (cents).	Highest per hour (cents).	Hours per week.
Worsted spinning; mule spinning:					
Spinner	Male	Piece	(1)	(1)	48
Assistant spinner	do	Hour	48	65	48
Side tender	Female	Piece	(2)	(2)	48
Roving tender	do	Hour	30-32	38	48
Do	Minor		23		15
General help	Male	Hour	42-45	54	48
Ring spinning:					
Spinner	Female	Piece	(3)	(3)	48
Band fixer	Minor	Hour		34	45
Twisting department:					
Doubler	Female	do	30-32	40	48
Do	Minor	do	23		45
Twister	Female	do	30-32	(4)	48
Do	Minor	do	23		45
Winder	Female	do	30-32	(4)	48
Do	Minor	do	23		45
Reeler	Female	do	30-32	(4)	48
Do	Minor	do	23		45
Jack and respooler	Female	do	30-32	(4)	48
Do	Minor	do	23		45
Yarn packing and shipping:					
Yarn examiner and packer	Female	Hour and piece.	30-32	45	48
Do	Male	do	42-45	54	48
General help	do	Hour	42-45	54	48
WOOL SPINNING.					
Carding:					
Willower	Male	Hour	42-45	54	48
Card grinder	do	do	46	60	48
Carder	Female	do	30-32	45	48
Do	Male	do	42-45	54	48
General help	do	do	42-45	54	48
Spinning:					
Spinner	Male	Piece	(5)	(5)	48
Assistant spinner	do	Hour	48	65	48
Second assistant spinner	Female	Piece	(6)	(6)	48
Packer	do	Hour	30-32	45	48
General help	Male	do	42-45	54	48
WEAVING.					
Loom fixer, including premium	Male	Week	(7)	(7)	48
Loom fixer helper, including premium	do	Hour	56	70	48
Harness inspector (examiners on loom)	do	do		64	48
Weavers		Piece	(8)	(8)	48
Cut carrier	Male	Hour	42-45	54	48
Oiler	do	do	42-45	54	48
Sweeper and scrubber	Female	do	30-32	39	48
Filling weigher	Male	do	42-45	56	48
Filling weigher's helper	do	do	42-45	54	48
Filling carrier	do	do	42-45	54	48
Bobbin and waste sorter	Female	do	30-32	39	48
Bobbin counter	do	do	30-32	39	48
Do	Minor	do	23	32	45
Case carrier	Male	do	42-45	54	48
Filling spooler	Female	Piece	(9)	(9)	48
WARP PREPARING AND DRESSING.					
Warping machine	Female	Piece	(10)	(10)	48
Warper on band	do	do	(11)	(11)	48
Do	Minor	Hour	23	34	45

[1] Average earnings based on white yarn, $35-$36 per week.
[2] Maximum average earnings based on white yarn, $21.50 per week.
[3] Average maximum earnings, $20, for white yarn; 15 per cent extra for colored yarn.
[4] Average weekly earnings, $19.50; 5-10 per cent extra for colored work.
[5] Average earnings based on white yarn, $35-$36 per week.
[6] Average earnings based on white yarn, $20.50 per week.
[7] Maximum for loom fixers, $50 per week; average weekly earnings, $42 per week.
[8] Average earnings, $29-$31 per week on 54-inch heavy fancy goods; on light fancy work, $27-$29 per week.
[9] Average earnings, 41-44 cents.
[10] Average earnings per week, $24-$27.
[11] Average earnings per week, $25-$29.

Woolen and worsted schedule—Passaic, N. J.—Oct. 1, 1921—Continued.

Occupation.	Sex.	Mode of payment.	Lowest per hour (cents).	Highest per hour (cents).	Hours per week.
WARP PREPARING AND DRESSING—continued.					
Warper's helper	Female	Hour	30-32	45	48
Do	Minor, 14-16.	do	23	34	45
Beam fixer	Male	do	42-45	56	48
Slasher tender	do	do	52	64	48
Slasher's helper and size carrier	do	do	42-45	54	48
Beamer (hand beaming)	do	do		56	48
Drawer in	Female	Piece	(1)	(1)	48
Hander in	do	do	(1)	(1)	48
Twister	do	do	(2)	(2)	48
Harness builder	Minor	Hour	23	34	45
Harness cleaner	Female, minor.	do	23	34	45
Warp carrier	Male	do	42-45	56	48
Stop-motion girl	Minor	do	23	34	45
Harness fixer	Male	do	42-45	56	48
Reed fixer	do	do	42-45	56	48
Fixing smashes and helpers	Female	do		52	48
DYEING.					
Dye-machine tender	Male	Hour	45	56	48
Yarn-dyeing machine			45	58	48
Helper	Male	Hour	42-45	54	48
Rinsing-machine tender	do	do	42-45	54	48
Transport	do	do	42-45	54	48
FINISHING DEPARTMENT.					
Gray goods: Marker	Male	Hour	50	62	48
Burling:					
Burler	Female	Piece	(3)	(3)	
Mender	Minor under 16.	do	23		45
Mender	Female	Hour	(4)	(4)	48
	do	Piece			
Burler and mender for dyed pieces	do	Hour	(5)	(5)	48
Examiner gray after mending	do	Piece	48	56	48
Examiner gray	Male	Hour	50	64	48
Foreladies				56	48
Singeing hands	do	do		56	48
Washing:					
Washer	do	do	42-45	58	48
Flat washer	do	do			
Cleaning	do	do			
Stretching machine	do	Piece			
Squeeze tender	do	Hour			
Carbonizing:					
Extractor	do	do	42-45	58	48
Carbonizing-machine tender	do	do	42-45	56	48
Sewers	do	Piece	42-45	56	48
Fullers	do	Hour	42-45	58	48
Crabbing:					
Steam tender	do	do	42-45	56	48
Beamer	do	Piece	42-45	56	48
Teazling:					
Setter	do	Piece and hour.	42-45	56	48
Teazler	do	do	42-45	58	48
Wet teazler	do	do	42-45	58	48
Drying:					
Drier	do	do	42-45	58	48
Calendar drier	do	do	42-45	56	48
Drier helper	Female	do	30-32	38	48
Shearing:					
Shearer, American machine	Male	do	48-50	60	48
Shearer, German machine	do	do	42-45	54	48
Brusher	do	Hour	42-45	54	48

[1] Average weekly earnings, $25-$30; earnings of handers in can be brought up to 75 per cent of earnings of drawers in.
[2] Average weekly earnings, $25-$30.
[3] Average earnings, 48-52 cents per hour.
[4] Average earnings, 52-56 cents per hour.
[5] Average earnings 46-48 cents per hour.

Woolen and worsted schedule—Passaic, N. J.—Oct. 1, 1921—Continued.

Occupation.	Sex.	Mode of payment.	Lowest per hour (cents).	Highest per hour (cents).	Hours per week.
FINISHING DEPARTMENT—continued.					
Cylinder pressing:					
Cylinder presser	Male	Piece	42–45	56	48
Hydraulic presser	do	do	(1)	(1)	.....
Helper	do	Hour	42–45	56	48
Decators for wet and dry	do	Piece / Hour	42–45	56	48
Examination:					
Examiner for gray and dyed pieces	do	do	50	64	48
Examiner (final)	do	.....	(2)	(2)	48
Transporter	do	Piece	42–45	54	48
Making-up and packing:					
Measurer	do	do	42–45	56	48
Winder	do	do	42–45	56	48
Packer	do	do	42–45	56	48
Stock hand	do	Hour	42–45	54	48
General help for all kinds of work	do / Female	do / do	42–45 / 30–32	54 / 40	48 / 48
GENERAL OCCUPATION.					
Coal wheeler	.....	Hour	42–45	53	48
Water tender	.....	do	58	65	48
Fireman	.....	do	53	60	48
Watchman	.....	do	39	50	48
Elevator-man	.....	do	42	52	48
Box maker	.....	do	42	56	48
Machinist	.....	do	55	85	48
Machinist helper	.....	do	42	55	48
Pipe fitter	.....	do	50	80	48
Carpenter	.....	do	50	80	48
Carpenter helper	.....	do	42	55	48
Mason	.....	do	50	70	48
Mason helper	.....	do	42	54	48
Oiler	.....	do	42	54	48
Belt fixer	.....	do	46	70	48
Electrician	.....	do	50	80	48
Electrician helper	.....	do	42	60	48
Yard laborer (general help)	.....	do	42–45	55	48

[1] Average earnings, $35–$37 per week.
[2] Average earnings, $28–$30 per week.

Comparison of ad valorem duties in per cent of foreign values.

TOPS.

Foreign value per pound.	Equivalent ad valorem rates on foreign value, H. R. 7456.	Ad valorem duty. Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909.	Foreign value per pound.	Equivalent ad valorem rates on foreign value, H. R. 7456.	Ad valorem duty. Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.15	23.3	8	20	30	$1.10	13.9	8	20	30
.193	20.7 / 26.9	8 / 8	20 / 20	30 / 30	1.20	13.7	8	20	30
.20	26.5	8	20	30	1.30	13.5	8	20	30
.25	23.2	8	20	30	1.40	13.3	8	20	30
.30	21.3	8	20	30	1.50	13.1	8	20	30
.40	18.7	8	20	30	1.60	13.0	8	20	30
.50	17.2	8	20	30	1.70	12.9	8	20	30
.60	16.2	8	20	30	1.80	12.8	8	20	30
.70	15.6	8	20	30	1.90	12.7	8	20	30
.80	14.9	8	20	30	2.00	12.6	8	20	30
.90	14.4	8	20	30	2.25	12.4	8	20	30
1.00	14.2	8	20	30	2.50	12.3	8	20	30

Comparison of ad valorem duties in per cent of foreign values—Continued.

TOPS—Continued.

American value per pound.	Foreign value per pound.	H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound.	H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.30	$0.103	29.1	20	8	$1.40	$0.985	14.2	20	8
.40	.193	20.7	20	8	1.50	1.075	14.0	20	8
.50	.175	28.6	20	8	1.60	1.165	13.7	20	8
.60	.265	22.7	20	8	1.70	1.255	13.5	20	8
.70	.355	19.7	20	8	1.80	1.345	13.4	20	8
.80	.445	18.0	20	8	1.90	1.435	13.2	20	8
.90	.535	16.8	20	8	2.00	1.525	13.1	20	8
1.00	.625	16.0	20	8	2.25	1.750	12.9	20	8
1.10	.715	15.4	20	8	2.50	1.975	12.7	20	8
1.20	.805	14.9	20	8	3.50	2.875	12.2	20	8
1.30	.895	14.5	20	8	5.00	4.225	11.8	20	8

YARNS.

Foreign value per pound.	H. R. 7456, ad valorem duty.	Ad valorem duty.			Foreign value per pound.	H. R. 7456, ad valorem duty.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.15	41.3	18	30	35	$1.40	30.3	18	40	40
.20	35.5	18	30	35	1.50	30.0	18	40	40
.20	54.5	18	30	35	1.60	29.7	18	40	40
.25	31.6	18	30	35	1.70	29.5	18	40	40
.25	48.4	18	30	35	1.80	29.1	18	40	40
.30	44.0	18	30	35	1.90	28.9	18	40	40
.40	38.5	18	30	40	2.00	28.8	18	40	40
.50	35.2	18	40	40	2.25	28.4	18	40	40
.60	33.0	18	40	40	2.50	28.0	18	40	40
.70	31.3	18	40	40	2.75	27.7	18	40	40
.80	30.1	18	40	40	3.00	27.5	18	40	40
.90	29.2	18	40	40	3.50	27.1	18	40	40
1.00	32.5	18	40	40	4.00	26.9	18	40	40
1.10	31.8	18	40	40	5.00	26.5	18	40	40
1.20	31.3	18	40	40	6.00	26.3	18	40	40
1.30	30.8	18	40	40					

American value per pound.	Foreign value per pound computed from ad valorem rates proposed.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound computed from ad valorem rates proposed.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.40	0.14	42.8	30	18	$1.60	0.98	32.7	40	1[illegible]
.50	.225	33.3	30	18	1.70	1.06	32.1	40	1[illegible]
.55	.267	31.1	30	18	1.80	1.14	31.6	40	1[illegible]
.60	.192	56.3	30	18	1.90	1.22	31.1	40	1[illegible]
.70	.274	46.0	30	18	2.00	1.30	30.8	40	1[illegible]
.80	.356	40.5	30	18	2.25	1.50	30.0	40	1[illegible]
.90	.438	36.9	40	18	2.50	1.70	29.4	40	1[illegible]
1.00	.52	34.6	40	18	2.75	1.90	28.9	40	1[illegible]
1.10	.602	32.9	40	18	3.00	2.10	28.6	40	1[illegible]
1.20	.684	31.6	40	18	3.50	2.50	28.0	40	1[illegible]
1.30	.766	30.7	40	18	4.00	2.90	27.6	40	1[illegible]
1.40	.848	29.7	40	18	5.00	3.70	27.0	40	1[illegible]
1.50	.93	29.1	40	18	6.00	4.50	26.7	40	1[illegible]

Comparison of ad valorem duties in per cent of foreign values—Continued.

DRESS GOODS (NOT COTTON WARP), WOVEN FABRICS, NOT OVER 4 OUNCES PER SQUARE YARD.

Foreign value per pound.	Equivalent ad valorem rates in H. R. 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem rates in H. R. 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.30	56.4	35	40	50	$1.60	46.5	35	50	55
.40	49.3	35	40	50	1.70	45.9	35	50	55
.50	45.0	35	40	50	1.80	45.5	35	50	55
.60	42.3	35	50	50	1.90	45.1	35	50	55
.60	60.7	35	50	50	1.00	44.7	35	50	55
.70	40.3	35	50	50	2.25	44.0	35	50	55
.70	57.3	35	50	50	2.50	43.4	35	50	55
.80	55.0	35	50	55	2.75	42.9	35	50	55
.90	53.2	35	50	55	3.00	42.5	35	50	55
1.00	51.6	35	50	55	3.50	41.8	35	50	55
1.10	50.3	35	50	55	4.00	41.3	35	50	55
1.20	49.2	35	50	55	4.50	41.0	35	50	55
1.30	48.5	35	50	55	5.00	40.7	35	50	55
1.40	47.8	35	50	55	6.00	40.2	35	50	55
1.50	47.1	35	50	55					

American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value, per H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value, per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.60	$0.168	78.5	40	35	$2.25	$1.271	48.7	50	35
.70	.246	62.6	40	35	2.50	1.452	47.4	50	35
.80	.324	54.3	40	35	2.75	1.634	46.2	50	35
.90	.402	49.3	40	35	3.00	1.815	45.4	50	35
1.00	.480	45.8	40	35	3.25	1.996	44.8	50	35
1.10	.558	43.3	50	35	3.50	2.177	44.2	50	35
1.20	.636	41.5	50	35	3.75	2.359	43.7	50	35
1.25	.675	40.7	50	35	4.00	2.540	43.2	50	35
1.30	.582	61.5	50	35	4.50	2.902	42.7	50	35
1.40	.655	58.8	50	35	5.00	3.265	42.2	50	35
1.50	.727	56.8	50	35	6.00	3.990	41.3	50	35
1.60	.800	54.9	50	35	7.00	4.715	40.8	50	35
1.70	.872	53.7	50	35	8.00	5.440	40.4	50	35
1.80	.945	52.3	50	35	9.00	6.165	40.2	50	35
1.90	1.017	51.5	50	35	10.00	6.890	39.9	50	35
2.00	1.090	50.5	50	35					

Comparison of ad valorem duties in per cent of foreign values—Continued.

DRESS GOODS (COTTON WARP), WOVEN FABRICS, NOT OVER 4 OUNCES PER SQUARE YARD.

Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.30	52.3	35	40	50	$1.60	43.8	35	50	55
.40	45.8	35	40	50	1.70	43.5	35	50	55
.50	42.5	35	40	50	1.80	43.2	35	50	55
.60	39.9	35	50	50	1.90	43.0	35	50	55
.656	39.1	35	50	50	2.00	42.7	35	50	55
.656	52.3	35	50	50	2.25	42.2	35	50	55
.70	51.5	35	50	50	2.50	41.7	35	50	55
.80	49.8	35	50	55	2.75	41.3	35	50	55
.90	48.4	35	50	55	3.00	41.1	35	50	55
1.00	47.4	35	50	55	3.50	40.7	35	50	55
1.10	46.5	35	50	55	4.00	40.3	35	50	55
1.20	45.8	35	50	55	4.50	40.1	35	50	55
1.30	45.3	35	50	55	5.00	39.9	35	50	55
1.40	44.7	35	50	55	6.00	39.5	35	50	55
1.50	44.2	35	50	55					

American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.60	$0.218	60.5	40	35	$2.00	$1.200	45.8	50	35
.70	.296	52.0	40	35	2.25	1.381	44.8	50	35
.80	.374	47.1	40	35	2.50	1.562	44.1	50	35
.90	.452	43.8	40	35	2.75	1.744	43.3	50	35
1.00	.530	41.5	50	35	3.00	1.925	42.8	50	35
1.10	.608	39.8	50	35	3.50	2.287	42.2	50	35
1.20	.686	38.5	50	35	4.00	2.650	41.5	50	35
1.25	.725	37.9	50	35	4.50	3.012	41.4	50	35
1.30	.692	51.8	50	35	5.00	3.375	40.8	50	35
1.40	.765	50.3	50	35	6.00	4.100	40.3	50	35
1.50	.837	49.5	50	35	7.00	4.825	40.0	50	35
1.60	.910	48.3	50	35	8.00	5.550	39.7	50	35
1.70	.982	47.7	50	35	9.00	6.275	29.4	50	35
1.80	1.055	47.0	50	35	10.00	7.000	39.2	50	35
1.90	1.127	46.4	50	35					

Comparison of ad valorem duties in per cent of foreign values—Continued.

CLOTHS.

Foreign value per pound.	Equivalent ad valorem duty, per H. R. 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem duty, per H. R. 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909, Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent*	*Per cent.*	*Per cent.*	*Per cent.*
$0.30	36.4	35	40	50	$1.50	37.9	35	50	55
.40	33.0	35	40	50	1.60	37.5	35	50	55
	43.3				1.70	46.0	35	50	55
.50	39.8	35	40	50	1.80	45.5	35	50	55
.60	37.7	35	50	50	1.90	45.1	35	50	55
.70	36.2	35	50	50	2.00	44.7	35	50	55
	45.0				2.25	44.0	35	50	55
.80	43.3	35	50	55	2.50	43.4	35	50	55
.90	42.0	35	50	55	3.00	42.5	35	50	55
1.00	41.0	35	50	55	3.50	41.9	35	50	55
1.10	40.2	35	50	55	4.00	41.3	35	50	55
1.20	39.5	35	50	55	4.50	40.9	35	50	55
1.30	38.8	35	50	55	5.00	40.6	35	50	55
1.40	38.3	35	50	55					

American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.70	$0.374	33.7	40	35	$2.25	$1.380	39.1	50	35
.75	.415	32.5	40	35	2.50	1.600	37.5	50	35
.80	.382	44.0	40	35	2.75	1.634	46.3	50	35
.90	.461	41.0	40	35	3.00	1.815	45.5	50	35
1.00	.540	38.9	50	35	3.25	1.996	44.7	50	35
1.10	.619	37.3	50	35	3.50	2.177	44.2	50	35
1.20	.698	36.1	50	35	3.75	2.359	43.7	50	35
1.25	.738	35.6	50	35	4.00	2.540	43.0	50	35
1.30	.688	45.3	50	35	4.50	2.902	42.7	50	35
1.40	.764	44.0	50	35	5.00	3.265	42.1	50	35
1.50	.840	42.8	50	35	6.00	3.990	41.4	50	35
1.60	.916	41.9	50	35	7.00	4.715	40.8	50	35
1.70	.992	41.3	50	35	8.00	5.440	40.4	50	35
1.80	1.068	40.3	50	35	9.00	6.165	40.1	50	35
1.90	1.144	39.8	50	35	10.00	6.890	39.9	50	35
2.00	1.220	39.3	50	35					

PILE FABRICS.

Foreign value per pound.	Equivalent ad valorem duty, per H. R. 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem duty, per H. R. 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.40	72.0	40	40	50	$1.70	45.9	40	50	55
.50	65.2	40	40	50	1.80	45.5	40	50	55
.60	60.7	40	50	50	1.90	45.2	40	50	55
.70	57.3	40	50	50	2.00	44.8	40	50	55
.80	55.0	40	50	55	2.25	44.0	40	50	55
.90	53.2	40	50	55	2.50	43.4	40	50	55
1.00	51.6	40	50	55	2.75	42.8	40	50	55
1.10	50.3	40	50	55	3.00	42.4	40	50	55
1.20	49.3	40	50	55	3.50	41.9	40	50	55
1.30	48.3	40	50	55	4.00	41.4	40	50	55
1.40	47.7	40	50	55	4.50	41.0	40	50	55
1.50	47.1	40	50	55	5.00	40.7	40	50	55
1.60	46.5	40	50	55	6.00	40.2	40	50	55

Comparison of ad valorem duties in per cent of foreign values—Continued.

PILE FABRICS—Continued.

American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.80	$0.220	100.0	40	40	$2.25	$1.271	48.7	50	40
.90	.292	85.0	40	40	2.50	1.452	47.5	50	40
1.00	.365	75.5	40	40	2.75	1.634	46.2	50	40
1.10	.437	69.4	40	40	3.00	1.815	45.5	50	40
1.20	.510	64.7	50	40	3.50	2.177	44.2	50	40
1.30	.582	61.6	50	40	4.00	2.540	43.3	50	40
1.40	.655	58.8	50	40	4.50	2.902	42.7	50	40
1.50	.727	57.0	50	40	5.00	3.265	42.2	50	40
1.60	.800	55.0	50	40	6.00	3.990	41.3	50	40
1.70	.872	53.8	50	40	7.00	4.715	40.8	50	40
1.80	.945	52.4	50	40	8.00	5.440	40.5	50	40
1.90	1.017	51.5	50	40	9.00	6.165	40.2	50	40
2.00	1.090	50.5	50	40	10.00	6.890	39.9	50	40

BLANKETS, NOT OVER 3 YARDS LONG.

Foreign value per pound.	Equivalent ad valorem duty, per House bill 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem duty, per House bill 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act of 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act of 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.20	50.0	25	25	30	$1.50	30.0	25	35	40
.35	39.4	25	30	30	1.60	29.7	25	35	40
.35	42.8	25	30	30	1.70	29.4	25	35	40
.40	37.5	25	30	30	1.80	29.2	25	35	40
.50	37.6	25	35	35	1.90	28.9	25	35	40
.60	35.5	25	35	40	2.00	28.7	25	35	40
.70	34.4	25	35	40	2.25	28.4	25	35	40
.80	32.8	25	35	40	2.50	28.0	25	35	40
.90	33.3	25	35	40	2.75	27.7	25	35	40
.95	31.6	25	35	40	3.00	27.5	25	35	40
1.00	32.5	25	35	40	3.50	27.1	25	35	40
1.10	31.8	25	35	40	4.00	26.9	25	35	40
1.20	31.3	25	35	40	4.50	26.7	25	35	40
1.30	30.8	25	35	40	5.00	26.5	25	35	40
1.40	30.3	25	35	40	6.00	26.2	25	35	40

Comparison of ad valorem duties in per cent of foreign values—Continued.

BLANKETS, NOT OVER 3 YARDS LONG—Continued.

American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value, per H. R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Foreign value per pound.	Equivalent ad valorem duty on foreign value, per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.50	$0.20	50	25	25	$2.00	$1.30	30.8	35	25
.60	.28	42.8	25	25	2.25	1.50	30.0	35	25
.70	.36	38.9	30	25	2.50	1.70	29.4	35	25
.75	.40	37.5	30	25	2.75	1.90	29.0	35	25
.90	.47	38.3	35	25	3.00	2.10	28.6	35	25
1.00	.55	36.4	35	25	3.50	2.50	28.0	35	25
1.10	.63	34.9	35	25	4.00	2.90	27.6	35	25
1.20	.71	33.8	35	25	4.50	3.30	27.3	35	25
1.30	.79	32.9	35	25	5.00	3.70	27.1	35	25
1.40	.87	32.2	35	25	6.00	4.50	26.6	35	25
1.50	.95	31.6	35	25	7.00	5.30	26.4	35	25
1.60	.98	32.6	35	25	8.00	6.10	36.2	35	25
1.70	1.06	32.1	35	25	9.00	6.90	26.1	35	25
1.80	1.14	31.6	35	25	10.00	7.70	26.0	35	25
1.90	1.22	31.1	35	25					

FELTS, NOT WOVEN.

Foreign value per pound.	Equivalent ad valorem duty, per H. R. 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem duty, per H. R. 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.20	50.0	35	45	60	$1.50	40.0	35	45	60
.30	41.7	35	45	60	1.60	39.6	35	50	60
.35	42.9	35	45	60	1.70	39.2	35	50	60
.40	37.5	35	45	60	1.80	38.9	35	50	60
.50	37.6	35	45	60	1.90	38.6	35	50	60
.60	35.5	35	45	60	2.00	38.4	35	50	60
.70	34.0	35	45	60	2.25	37.8	35	50	60
.80	32.9	35	45	60	2.50	37.3	35	50	60
.825	45.4	35	45	60	2.75	37.0	35	50	60
.90	32.0	35	45	60	3.00	36.7	35	50	60
1.00	43.3	35	45	60	3.50	36.2	35	50	60
1.10	42.5	35	45	60	4.00	35.8	35	50	60
1.20	41.7	35	45	60	4.50	35.6	35	50	60
1.30	41.1	35	45	60	5.00	35.4	35	50	60
1.40	40.5	35	45	60	6.00	35.0	35	50	60

Comparison of ad valorem duties in per cent of foreign values—Continued.

FELTS, NOT WOVEN—Continued.

American value per pound.	Calculated foreign value, per pound.	Equivalent ad valorem duty on foreign value, per H.R. 7456.	Ad valorem duty on foreign value.		American value per pound.	Calculated foreign value, per pound.	Equivalent ad valorem duty on foreign value, per H.R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.50	$0.20	50	45	35	2.00	$1.20	41.7	45	35
.60	.28	42.8	45	35	2.25	1.387	40.7	45	35
.75	.40	37.6	45	35	2.50	1.575	39.7	50	35
.80	.39	41.0	45	35	2.75	1.762	39.1	50	35
.90	.47	38.3	45	35	3.00	1.95	38.5	50	35
1.00	.55	36.4	45	35	3.50	2.325	37.7	50	35
1.10	.63	35.0	45	35	4.00	2.70	37.0	50	35
1.20	.71	33.8	45	35	4.50	3.085	36.5	50	35
1.30	.79	32.9	45	35	5.00	3.45	36.3	50	35
1.40	.87	32.2	45	35	6.00	4.20	35.7	50	35
1.50	.95	31.6	45	35	7.00	4.95	35.3	50	35
1.60	.90	44.5	45	35	8.00	5.70	35.1	50	35
1.70	.975	43.7	45	35	9.00	6.45	34.9	50	35
1.80	1.05	42.9	45	35	10.00	7.20	34.7	50	35
1.90	1.125	42.2	45	35					

KNIT FABRICS.

Foreign value per pound.	Equivalent ad valorem duty rates, H.R.7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem duty rates, H.R.7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.30	46.0	35	35	50	1.70	40.3	35	40	55
.40	40.8	35	35	50	1.80	39.9	35	40	55
.50	37.6	35	40	50	1.90	39.6	35	40	55
.577	54.2	35	40	50	2.00	39.2	35	40	55
.60	35.5	35	40	50	2.25	38.7	35	40	55
.70	34.0	35	40	50	2.50	38.1	35	40	55
.80	48.3	35	40	55	2.75	37.7	35	40	55
.90	46.7	35	40	55	3.00	37.3	35	40	55
1.00	45.3	35	40	55	3.50	36.8	35	40	55
1.10	44.2	35	40	55	4.00	36.3	35	40	55
1.20	43.3	35	40	55	4.50	36.0	35	40	55
1.30	42.5	35	40	55	5.00	35.7	35	40	55
1.40	42.0	35	40	55	6.00	35.4	35	40	55
1.50	41.3	35	40	55	7.00	35.0	35	40	55
1.60	40.8	35	40	55	8.00	34.8	35	40	55

Comparison of ad valorem duties in per cent of foreign values—Continued.

KNIT FABRICS—Continued.

American value, per pound.	Foreign value, per pound, calculated from committee rates.	Equivalent ad valorem duty on foreign value, per H. R. 7456.	Ad valorem duty on foreign value.		American value, per pound.	Foreign value, per pound, calculated from committee rates.	Equivalent ad valorem duty on foreign value, per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent.*	*Per cent.*	*Per cent.*
$0.70	$0.31	45.2	35	35	$2.00	$1.14	43.8	40	35
.80	.39	41.1	35	35	2.25	1.327	42.5	40	35
.90	.47	38.4	40	35	2.50	1.515	41.3	40	35
1.00	.55	36.4	40	35	2.75	1.702	40.4	40	35
1.10	.63	34.9	40	35	3.00	1.89	39.7	40	35
1.20	.71	33.8	40	35	3.50	2.265	38.6	40	35
1.25	.75	33.3	40	35	4.00	2.64	37.8	40	35
1.30	.615	52.8	40	35	4.50	3.015	37.4	40	35
1.40	.69	50.8	40	35	5.00	3.39	36.8	40	35
1.50	.765	49.0	40	35	6.00	4.14	36.2	40	35
1.60	.84	47.7	40	35	7.00	4.89	35.8	40	35
1.70	.915	46.4	40	35	8.00	5.64	35.4	40	35
1.80	.99	45.5	40	35	9.00	6.39	35.2	40	35
1.90	1.065	44.6	40	35	10.00	7.14	35.0	40	35

CLOTHING, NOT KNITTED OR CROCHETED.

Foreign value per pound.	Equivalent ad valorem rates, per H. R. 7456.	Ad valorem duty.			Foreign value per pound.	Equivalent ad valorem rates, per H. R. 7456.	Ad valorem duty.		
		Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.			Underwood-Simmons Act, 1913.	Wilson-Gorman Act, 1894.	Payne-Aldrich Act, 1909; Dingley Act, 1897.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*		*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$0.50	46.6	35	45	60	$1.80	37.9	35	50	60
.60	44.5	35	45	60	1.90	37.7	35	50	60
.70	42.9	35	45	60	2.00	37.5	35	50	60
.80	41.7	35	45	60	2.25	37.0	35	50	60
.90	40.8	35	45	60	2.50	36.7	35	50	60
1.00	40.0	35	45	60	2.75	36.4	35	50	60
1.10	39.4	35	45	60	3.00	36.2	35	50	60
1.20	38.9	35	45	60	3.14	47.8	35	50	60
1.30	38.4	35	45	60	3.50	35.8	35	50	60
1.40	38.1	35	45	60	4.00	46.8	35	50	60
1.50	37.8	35	45	60	4.50	46.3	35	50	60
1.60	37.5	35	50	60	5.00	46.0	35	50	60
1.625	38.4	35	50	60	5.50	45.7	35	50	60
1.675	37.3	35	50	60	6.00	45.4	35	50	60
1.70	38.2	35	50	60	7.00	45.1	35	50	60

American value, per pound.	Foreign value, per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.		American value, per pound.	Foreign value, per pound.	Equivalent ad valorem duty on foreign value per H. R. 7456.	Ad valorem duty on foreign value.	
			Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.				Wilson-Gorman Act, 1894.	Underwood-Simmons Act, 1913.
		Per cent.	*Per cent.*	*Per cent.*			*Per cent*	*Per cent.*	*Per cent.*
$1.00	$0.55	45.5	45	35	$3.75	$2.562	36.6	50	35
1.25	.737	42.5	45	35	4.00	2.75	36.4	50	35
1.50	.925	40.5	45	35	4.50	3.125	36.1	50	35
1.75	1.112	39.4	45	35	5.00	3.50	35.7	50	35
2.00	1.30	38.5	45	35	5.50	3.49	47.3	50	35
2.25	1.487	37.9	45	35	6.00	3.84	46.9	50	35
2.50	1.675	37.3	50	35	7.00	4.54	46.2	50	35
2.75	1.812	38.0	50	35	8.00	5.24	45.8	50	35
3.00	2.00	37.5	50	35	9.00	5.94	45.5	50	35
3.25	2.187	37.2	50	35	10.00	6.64	45.2	50	35
3.50	2.372	36.8	50	35					

Tops—Showing protective duty necessary to equalize costs of production, using commission combing charges in England, France, and Germany and the same charges in the United States.

	England, sterling at $3.60.	France, francs at 8 cents.	Germany, marks at 1.3 cents.	United States.
Cost clean wool	$0.60	$0.60	$0.60	$0.60
Handling, sorting, off sorts	.03	.03	.01	.06
Plus duty	.....	.....	.....	.25
Total	.63	.63	.61	.91
Net production, 90 per cent—cost	.70	.70	.678	1.01
Commission combing	.10	.132	.053	.17
Cost of tops	.80	.832	.731	1.18
Freight and insurance	.02	.02	.02	.....
Wool duty (compensatory)	.275	.275	.275	.....
Necessary protective duty	.085	.053	.154	.....
Total	1.18	1.18	1.18	1.18

STATEMENT OF SAMUEL S. DALE, BOSTON, MASS., REPRESENTING CARDED WOOLEN MANUFACTURERS' ASSOCIATION.

Mr. DALE. Our association is composed of manufacturers of yarn and cloth by what is known as the carded-woolen process, as distinguished from the worsted process. The manufacturers who compose this association are widely separated both by geography and by interest, being in no combine and being financially independent of each other. They are located in Wisconsin, Ohio, Kentucky, Maryland, Pennsylvania, the New England, and other States. Their combined capital is $13,028,000; their annual product is $27,281,000; annual wages, $6,936,989. They operate 1,362 broad looms, 305 narrow looms, 120 knitting machines in connection with the carded-woolen processes, 449 set of cards, and 183,278 spindles.

They ask that Schedule K be revised on a straight ad valorem basis; that the duties be ad valorem on wool, wool by-products, reclaimed wool, partly manufactured goods, tops and yarn, and on cloth. They ask this because any specific duty on products varying so widely in value per pound is necessarily an unfair duty, discriminating in this industry against one class of manufacturers and favoring another class, while at the same time placing a very heavy burden on the American people by reason of its acting as an embargo on low-priced materials.

The specific duty on grease wool has been so thoroughly discredited in years past that it is not necessary to spend very much time in demonstrating its character now. I will, however, give one illustration taken from several that are to be found in the brief we will present.

At the London wool auction on March 12 to 17, 1914, 35,000 bales of grease wool were sold, this being about the last sale before the war broke out. The 11-cent duty if applied to this wool would have given ad valorem equivalents varying from 36 per cent on the higher-priced wools to 147 per cent on the low-priced wools; if the 15-cent duty had been applied to the same wools, the variation in the ad

valorem equivalent would have been from 49 per cent to 200 per cent.

These high duties necessarily act as an embargo. When you place a specific duty on wools varying so widely in value, you in effect say in your law that wools over a certain value shall not be imported. And the wools that are thus shut out are well adapted for warm, durable, and in every way serviceable clothing for the American people.

The effect of the specific duty on grease wools is to exclude the heavy-shrinking wools, because the value of grease wool depends largely upon the amount of grease and dirt clinging to it, and which is removed by the first process of scouring. The more grease and dirt that is attached to the fiber naturally the less is the grease wool worth per pound.

Among the wools excluded by a specific the carded-woolen manufacturers find a large part of the raw material adapted for their needs. The carded-woolen mills find their raw material largely in the form of heavy-shrinking wools, while the worsted mills have found their raw material largely in the form of light-shrinking wools. These conditions account for the discrimination and the special privilege that a specific duty on grease wool creates between the two great branches of the wool-manufacturing industry. If a wool is light and shrinking, if there is very little grease and dirt clinging to it to be scoured away and not used for making cloth, a duty of a certain number of cents per pound is equal to a lower duty per scoured pound than when there is a large amount of grease and dirt on the fiber. That is self evident.

A specific duty on grease wool deprives the American people of a large part of the raw material that is needed for the manufacture of clothing that they wear on their backs and for the carpeting under their feet.

Senator LA FOLLETTE. Will you describe a little more fully the class of wool that is thus excluded?

Mr. DALE. It is the wool of shorter fiber. Carded-woolen machinery is adapted for converting the shorter fibers into yarn. It is carded and spun, whereas by the worsted process the wool is combed. The wools adapted for carded-woolen goods are largely heavy shrinking.

Senator LA FOLLETTE. Where are those wools chiefly obtained?

Mr. DALE. From South Africa, South America, Australia, and New Zealand. From nearly all parts of the world where wool is grown.

A specific duty on grease wools has had another effect: It deprived the woolgrower of the protection that he expected. He has been led to believe that the 11-cent duty on grease wool gave him a protection of 33 cents per scoured pound, on the theory that it took 3 pounds of grease wool to make 1 pound of scoured wool. As a matter of fact, there is a large amount of wool of which it takes only 2 pounds of grease wool, and even less, to yield 1 pound of scoured wool. Some wools shrink only 20 per cent; other wools shrink as high as 80 per cent. One hundred pounds of the first-named wool yields 80 pounds of scoured wool, while a hundred

pounds of the last-named wool yields only 20 pounds of scoured wool.

Under the 11-cent duty on grease wool the tendency was to import the lighter-shrinking wools. No wool was imported under this 11-cent duty that shrunk much more than 50 to 55 per cent, while a large quantity of it, much of it known as cross-bred, shrunk 30 to 33⅓ per cent. Instead of getting under an 11-cent duty on grease wool a protection of 33 cents per pound scoured, the woolgrower received a protection of about 18 cents per scoured pound; on some wools much less than that. The average was probably 18 or 19 cents a pound.

We come now to the specific duty on scoured wool. The value of grease wool depends upon two main factors. One I have just mentioned, the amount of loose material clinging to the fiber, and which is washed away. The other factor is quality, and by "quality" I mean the length of the staple, fineness, elasticity; in fact, the spinning qualities; all of the characteristics that go to make up the value of wool for manufacturing purposes.

Scouring wool eliminates only one factor, the loose grease and dirt. There still remains the other factor of quality. These two factors are so inextricably mixed and criss-crossed that when the grease and dirt are removed from wool there is practically as wide a range of values as prevailed before scouring. Take, for example, the 30,644 bales of scoured wool sold in London in 1911. The 33-cent duty applied to that wool gives ad valorem equivalents ranging from 54 per cent to 412 per cent.

Senator McLEAN. I was wondering whether the Fordney bill did not put a limit on the ad valorem?

Mr. DALE. Yes, sir; and I will come to that. But I want to make sure that our position is made clear in regard to the iniquity of specific duties on wool. The ad valorem limit in the Fordney is an admission that we are right in regard to this matter, and that the duty on wool should be ad valorem. I want to make clear the iniquity of specific duties on wool.

The 30,644 bales of scoured wool, sold in London in 1911, with the 33-cent duty applied, show variations in the ad valorem equivalent from 54 per cent to 412 per cent. The man who imported $1,000 worth of the highest priced wool would pay $540 at the United States customhouse. The man who was fool enough to import a thousand dollars' worth of the low-priced wool would be required to pay $4,120 to get it through the customhouse.

Senator GOODING. Will you state the price that scoured wool in London sold for that paid a duty of 400 per cent?

Mr. DALE. The brief gives that, but I shall have to calculate it mentally.

Senator GOODING. If it is in the brief it is all right.

Mr. DALE. It would be about 8 cents a pound.

Senator GOODING. For scoured wool?

Mr. DALE. For scoured wool.

Senator GOODING. How much would that be worth in the grease?

Mr. DALE. I do not know what it shrunk, because it was scoured in Australia and brought to London and sold at auction in the scoured state.

Senator GOODING. Do we grow any of that class of wool in America?

Mr. DALE. I should have to ask you, Senator, because you know so much more about wool than I do.

Senator GOODING. I am sure we do, and I am sure the price that that wool sold for in London would not pay the freight on it from a western State to Boston.

Mr. DALE. At the sale in London on March 12–17, before the war broke out, 6,359 bales of scoured wool were sold. The 33-cent duty applied to that wool gives ad valorem equivalents varying from 47 per cent to 234 per cent, while the 45 cents duty—the emergency duty—gives equivalents from 64 per cent to 319 per cent.

The Fordney bill provides for a scoured-content duty. I have just shown by these figures, taken from one of the largest wool markets in the world, that a scoured-content duty would be an iniquitous duty, a very burdensome duty, not only to manufacturers but to the consumers; that it would be thoroughly unjust.

I want now to point out that its administration would be impossible. I could give that as my opinion based on my experience in handling wool, and I think that anyone here or elsewhere who has ever had any experience in manufacturing wool into cloth would agree with me that it is impossible to administer a scoured-content duty with the precision, with the freedom from the possibility of fraud and error, that is required in administering a tariff law. But I am going to give you some evidence that I have been fortunate enough to secure within the last few months, and which, I think, will be conclusive to all of you.

When the war broke out France was short of wool. The French Government commandeered all of the wool in the country in the hands of dealers and growers. The Government fixed the price at 5 francs per kilogram, scoured content. And for four years the French Government was up against precisely the same problem that the United States Government will be up against if a law is enacted placing a duty on the scoured content of wool. Several months ago I asked Robert Dantzer to give me a statement on the experience of France in testing this wool. Robert Dantzer was then superintendent of a mill at Larroque-d'Olmes, Ariege, France, down near the Apennines. He has had a long experience in manufacturing and served for several years as professor in a textile school. He is a practical manufacturer of woolen and worsted goods. During the war he was placed in charge of the testing of textile materials, particularly wool. So that he had personal charge of the testing of wool for the purpose of applying this fixed price per kilogram, scoured content, to the wool that the French Government took over. I have here his report in French and my translation of it. I will give you the original, if you want it, and will file the translation with you.

M. Dantzer states that they tried three methods of testing the wool to determine its scoured content. The first method was by hiring experts, the best experts they could get, to go around and view the wool and give their opinion of what it would yield. The Government found that this method was subject to serious errors. They could not rely on it at all, and gave it up.

The next method they adopted was to draw a small sample of 5 or 10 kilograms from each lot and have it tested in what they call con-

ditioning houses, to determine its scoured content. He reports that invariably they found that these tests of small lots indicated a yield higher than the yield that was obtained when the wool was scoured at the mill.

Finally, after trying these two methods and giving up both of them, they found that the only method by which they could get a result that was approximately accurate was to scour a considerable quantity of each lot.

The illustration that he gives shows that 1 bale out of 16 was tested. In another part of his report he states that no test could be relied on, unless they scoured a thousand kilograms, 2,204 pounds of the wool. Taking the moderate illustration that he gives, 1 bale out of 16, if that method had been in force in 1919, the United States Government would have been compelled to scour and test nearly 30,000,000 pounds of wool, composed of an innumerable number of lots varying widely in weight. It would have been necessary to do this either in Government conditioning houses or at the mills, and in every case under the supervision of the sworn officers of the law.

It is only necessary to state such requirements in order to show the impracticability of a scoured-content duty on wool.

I have referred to the specific duty on grease wool. It is easily administered; it is easy to cut a man's head off, but it is not very conducive to health. The specific duty on scoured wool we find is open to just as grave objections in regard to the variations of the ad valorem equivalents, and, furthermore, that it is impracticable. This brings us to a wool duty based on value. No matter whether it is the grease, washed or scoured, the market value automatically reflects its adaptability for making clothing for the people. That explains why an ad valorem duty is the only fair duty. A duty equal to a certain part of the market value bears equally on everybody that pays the cost of the material.

Senator GOODING. May I ask you how you find that value? How is that value ascertained?

Mr. DALE. Wool is a commodity whose value is well known in the markets of the world, and I doubt very much if any undervaluation of wool could exceed 5 or 10 per cent without gross collusion and fraud.

Senator GOODING. You must find the scoured content, however, of a pound of wool in order to know the value.

Mr. DALE. That is true, Senator Gooding. When the prospective buyer looks at grease wool, he forms an opinion as to how much it will shrink. That is one of the uncertain elements in buying and selling.

Senator GOODING. Nevertheless, it is true, is it not, that every pound of wool in the world is sold on its clean content, in order to establish value, unless it is scoured?

Mr. DALE. I would modify that by saying that it is sold on the two bases I have mentioned—one you have mentioned, the scoured content; the other is the quality.

Senator GOODING. And one is the market value, and the other is the clean content there is in the wool?

Mr. DALE. Why, no. The market value is the result of both factors—both the shrinkage and the quality, Senator. You can have

two lots of wools, one shrinking two-thirds and the other one-third; they are not worth the same price scoured, unless the quality is the same.

Senator GOODING. Yes; I understand that. But in all wool, regardless of its grades, before you can even set a price upon it you must find out about what it is going to shrink, and then you can fix the market value of that grade of wool; that is the first step?

Mr. DALE. Senator, I really think that statement should be modified by saying that before you can fix the market value of wool you must determine not only its shrinkage and yield, but you must also determine its quality, its adaptability for manufacturing purposes.

Senator GOODING. I agree with that, perfectly. But you must eliminate the dirt that you speak of?

Mr. DALE. Oh, certainly.

Senator GOODING. And grease and all those things?

Mr. DALE. Certainly.

Senator MCLEAN. You ask to have this ad valorem duty imposed upon wool in the grease?

Mr. DALE. Upon all kinds of wool unwashed, washed, and scoured, upon wool by-products, and upon reclaimed wool.

Senator MCLEAN. We will assume that you are importing a lot of wool in the grease. I understood you to say that it was very difficult to ascertain the value of that wool before it is washed.

Mr. DALE. I do not say so. I say that the value of wool is very well known in the markets of the world.

Senator MCLEAN. I was assuming that, based upon your statement, that several methods were tried for ascertaining the value of a lot of wool, and that they were unsatisfactory; that it was a very difficult thing, unless you took a large portion of that wool and washed it?

Mr. DALE. Yes; to determine the scoured content, not the value.

Senator MCLEAN. Assume that we have got an importation, and the grower of the wool or the exporter is inclined to undervalue it. What are our appraisers going to do about that lot of wool, to find out its precise value?

Mr. DALE. Well, if the appraisers are competent they will be able to determine the value; they first have the invoice as a basis.

Senator MCLEAN. Have they not got, according to your own statement, to wash a large percentage of that wool?

Mr. DALE. No; I do not think so, because the values of wool in the markets of the world are determined by people who make it their business to buy and sell; it is their life work. They buy wool largely at auctions. Before the war these auctions published lists of their sales, giving identification marks and price of each lot sold. Wool became so high in price during the war that the British Government discontinued the publication of these lists for fear that the Australian woolgrowers would become dissatisfied by reason of the spread between the enormous price in London and the low price which the Australian grower was getting. Under normal conditions the publication of these reports will be resumed. The wool dealers of the United States will have these reports showing the price at which each lot was sold at public auction in Australia and London. auctions that are above suspicion.

Senator GOODING. That is, as to the shrinkage of the wool?

Mr. DALE. No; as to the value per pound, which involves both the quality and the shrinkage.

Senator GOODING. Well, that is the point I am making, while it takes the shrinkage, an important factor, of course, is the grade of the wool.

Mr. DALE. It certainly is an important factor, but after you eliminate the shrinkage you still have these wide-spreading values, which make a specific duty as iniquitious on scoured content as it is on the grease weight.

Senator GOODING. That depends entirely on the fashions of the country?

Mr. DALE. Yes; fashions change; they go one way, and then they go the other.

Senator GOODING. I have seen the time that grease wool which you are discussing was higher than fine wool and brought more money.

Mr. DALE. Some fine wools are short and low in value and adapted for carded-woolen processes. It is not only the coarse wools that are low in price. Let us take two lots of wool, each worth $100,000, one of them 50-cent wool, the other $1 wool, scoured. Put the 33 cents per pound scoured on both lots and we get on one lot of wool a duty of $66,000, 66 per cent; on the higher-priced wool we get a duty of $33,000, 33 per cent.

Suppose that wool comes in subject to an ad valorem duty of 50 per cent and, by collusion and fraud or some kind of skullduggery in the customhouse, it is undervalued 10 per cent, which can only happen by corruption or neglect—the Government loses $5,000.

Here, under the 33-cent duty, assuming that the $66,000 duty is the correct duty, the other lot is brought in for half that amount, $33,000. Se we have legalized an undervaluation of 50 per cent, or a loss of $33,000, as compared with the illegal undervaluation of 10 per cent, or a loss of only $5,000.

The Fordney bill puts 16 cents a pound on noils. I went into the Boston market and picked up a lot of samples of by-products a few months ago when I expected this hearing was coming on. The detailed list is in the brief, but boiled down it shows that the 16-cent duty on noils—the short fibers combed in the worsted process—gives a range of ad valorem equivalents from 31 per cent to 59 per cent.

Thread waste, subject to 14 cents per pound, gives a range of ad valorem from 40 per cent to 87½ per cent. Garnetted stock, on which a 20-cent duty is placed, gives a range from 26 per cent ad valorem to 100 per cent.

These high duties can not be justified from any standpoint, whether from the standpoint of justice to the manufacturers or to the consumers, all of whom you represent.

Senator MCLEAN. What percentage of the American-grown wool is the high grade, and what percentage is the low grade?

Mr. DALE. I would not want to answer that question, Senator. I could not tell you. Wools vary widely in quality and by gradual steps. I think it would be quite difficult to answer briefly in any event, because the grades vary from coarse to fine, with variable quantities of each. The statistics of wool are very imperfect in

this country, and I question whether any answer that was given to that——

Senator McLEAN (interposing). Does the proportion of high-grade wool in this country compare well with that of the imported product?

Mr. DALE. Well——

Senator McLEAN. Under your specific duty, as I understand you, the protection makes the importation of low-grade wools unreasonable.

Mr. DALE. Cheap wools—the low-priced wools?

Senator McLEAN. Yes; and I was wondering whether the large percentage of American-grown wool would get that protection or not.

Mr. DALE. Oh, that is the point? Well, I really think that when we come right down to it, we can not divide the clip of this country into grades of wool and determine, with even approximate accuracy, what protection each one is getting under any particular duty. I do not think that is possible.

Then there is reclaimed wool, a very useful product, necessary for clothing the human race. I obtained samples of this material, and have given you the details of them in this brief.

Senator DILLINGHAM. What do you mean by "reclaimed wool?"

Mr. DALE. When you get through wearing your suit, they tear it up.

Senator DILLINGHAM. Oh, I understand—shoddy?

Mr. DALE. Yes; shoddy. The Fordney duty on the grades given in my list varies from 22 per cent to 400 per cent. Reclaimed wool is a very useful product for making clothing. It is a very much abused product, and unjustly so. A wool fiber is as worthy of respect after it has been converted again into a condition for manufacturing as it was in the first place, because its value depends upon its length, upon its spinning qualities, and its adaptability for making cloth; and all of those factors combined are automatically reflected in the price per pound.

Senator McLEAN. Can this reclaimed wool be spun?

Mr. DALE. Oh, indeed, it can. But it is generally mixed with wool and cotton. Goods may have been made of all shoddy, but I do not know as I ever saw any; I think it is a negligible amount.

Senator GOODING. The duties in the Fordney bill would be 22 to 400 per cent?

Mr. DALE. Yes.

Senator GOODING. On what?

Mr. DALE. On reclaimed wool, woolen rags, and shoddy.

Now, we come to that bone of contention, the compensatory duty on goods. A compensatory duty is a duty placed on the manufactured product which is equal to the amount of the duty that was imposed upon the wool that went into that product. This is done that the American manufacturer may be placed on equal terms with his foreign competitor, so far as the purchase of raw material is concerned. In order to be compensatory it must be equal to the wool duty. I do not think we need spend much time in demonstrating that it is impossible to attain that equality if the duty is specific, on the grease weight. There is no way of doing it, because you can not incorporate in a law all of the infinite number of ratios that exist between a pound of cloth and the weight of the wool that went into

that cloth. The variable shrinkage in scouring prevents the fixing of such a ratio. In addition, there is a variation, although not so great, in the shrinkage between the scoured wool and the finished cloth.

For years we had various ratios incorporated in the old Schedule K, and the most famous of them was the "4 to 1 ratio." In other words, it was assumed that 4 pounds of grease wool was required to make 1 pound of cloth. Consequently, with a duty of 11 cents per pound on grease wool, a so-called compensatory of 44 cents per pound was placed on cloth.

I want to dispose of that adjustment in a very few words by referring you to five samples of wool goods made by me, and on which I have calculated the compensatory duty of 44 cents per pound of cloth and also the 11-cent duty on the wool that went into each of these five fabrics.

Senator McLEAN. Are those representative samples?

Mr. DALE. Oh, I would not call them "representative." They represent a wide range of fabrics, but I would not care to present them here as representing the product of this country.

Senator McLEAN. Oh, no; I did not mean that.

Mr. DALE. No.

Senator McLEAN. But they are representative of their class; they were not manufactured by you especially to arrive at a conclusion to be presented to me here?

Mr. DALE. Oh, no; they were manufactured years ago. What is representative about them is the variation in the shrinkages.

I base this calculation on 1,000 pounds of each fabric, subject to a compensatory duty of 44 cents per pound, or $440. One of these fabrics showed that the 11-cent duty on the wool that went into 1,000 pounds of cloth amounted to $39.27; the compensatory duty was $440. That fabric was made of a mixture of wool and cotton, but the old 4 to 1 ratio applied to cotton as well as wool when they were mixed together.

The second sample showed a compensatory duty of $440 on 1,000 pounds of cloth, but the actual compensatory required was $118.69.

The third fabric shows the actual compensatory required to be $209.88, whereas the compensatory imposed was $440.

The fourth fabric shows the compensatory required to be $254.21, but the compensatory imposed was $440.

Senator GOODING. Just a minute, there, Mr. Chairman.

You say some of these fabrics were made partly of cotton?

Mr. DALE. Two of them were.

Senator GOODING. Do you know what the other three were made of?

Mr. DALE. Yes; I do; because I made them myself. They were made of mixtures of all wool.

Senator GOODING. Reworked?

Mr. DALE. No; new wool. I can give them to you with shoddy in them that will show about the same variations; but there is the difficulty in calculating the compensatory for shoddy, on which there was an enormous specific duty which prevented the importation of the material. I took the new wool goods because the wool was coming in subject to the 11-cent duty.

Senator GOODING. You got the benefit of that cheaper material that went into it, did you not, as a manufacturer?

Mr. DALE. What cheaper material?

Senator GOODING. Of the cotton.

Mr. DALE. On these two fabrics, yes; and they were sold for a lower price.

Senator GOODING. But you got the protection, however?

Mr. DALE. I am not speaking about protection; I am talking about compensatory duty, in which there was the concealed protection.

We are not trying to cover up anything. We are not asking for any special privilege. We are not asking for any discrimination against any competitors. We are not trying to get a tariff here that will conceal anything. And that is why we are asking for a straight ad valorem tariff on wool and wool goods.

Now, as to a compensatory duty with the wool duty on the scoured content: If a scoured content duty on wool were practicable and if it were just—and it is neither—it would be possible to put a specific duty on cloth that would balance approximately—not accurately, but approximately—a specific duty on a scoured content, because the variations in the shrinkage in manufacturing between scoured wool and finished cloth are not so wide as they are between the grease wool and the finished cloth. But as this scoured-content duty is impracticable and unjust, I am not going to pay any more attention to a compensatory duty on that basis.

I come now to the adjustment of the compensatory duty on an ad valorem basis: For years we have been told that this adjustment was impossible. I ask you to follow me through a few arithmetical calculations, which I will simplify as much as possible, while I demonstrate that the adjustment is not only possible but that the compensatory duty can be adjusted very accurately to what is required.

But before I take up the question of compensatory duties I would like to refer briefly to two points, one of which I inadvertently passed over, the other of which two gentlemen have reminded me that I did not make quite clear.

The first one which I passed over was the objection to an ad valorem duty on wool, that it gave the least protection to the wool-grower when the most protection was needed; that is, when prices were lowest. That, in my judgment, assumes that an industry should be set apart and protected by law against the ordinary fluctuations of the market to which all other industries and the consumers are exposed.

We think that that would not be a fair arrangement, and that under ordinary conditions, under the ordinary fluctuations, the ebb and flow of markets, all of us should be exposed equally. When, as at the present time, following the Great War——

Senator GOODING (interposing). Mr. Chairman, I would like to ask the gentleman a question at that stage.

Senator MCCUMBER. All right.

Senator GOODING. The fluctuation that occurs in prices is largely in the raw material. Your cost of production varies but very little; that is, there is not any wide or wild fluctuations. Your wages are about the same, usually, unless we have a great war; you have your machinery and your overhead remains about the same. So that this fluctuation that you speak of takes places in the raw material, not in the manufactured products at all.

Mr. DALE. I think that you are correct that the fluctuations do occur in the raw material, and I think you are mistaken in the assumption that the fluctuations do not occur in manufacturing.

Senator GOODING. Not to the extent, I am saying.

Mr. DALE. In manufacturing the cost of fabrics depends largely upon a full production, and in times of depression, when goods can not be sold, machinery can not be run at full capacity, overhead charges continue practically unchanged—many of them unchanged—none of them reduced in proportion to the production, and the cost per yard or pound consequently goes up. So that it seems to me if you were engaged in manufacturing and had the practical experience you would not be so positive that all of these fluctuations in the wool industry——

Senator GOODING (interposing). That was not my statement. I said that the greatest fluctuation did occur in raw materials. But it is true when you have not a market for your goods that you shut down your plant and, to a large extent, you get through with some of your overhead expenses at the same time.

Mr. DALE. An idle mill is a very expensive proposition. It involves a great loss, and a mill that is running on part production is also a very expensive proposition. You say that the fluctuations are larger in the wool industry than in manufacturing. I will not deny that, because I have not the figures to refute it, but my judgment is that the statement is subject to grave doubts.

I was about to state, when I was interrupted, that at a time like the present, following a great war, when all industries are subject to these abnormal conditions, Congress can properly be relied upon to apply emergency measures for correcting the extreme fluctuations in value which bear so heavily upon industries as they are bearing upon the wool industry. Congress has done that. But my reference to that objection to the ad valorem duty related only to the ordinary ebb and flow of market conditions. The other point which I was reminded of was my answer to Senator McLean in regard to the value of grease wool. I was told that I did not make it quite plain that the value of greasy wool in its greasy condition, before it is scoured, depends upon two factors—the shrinkage, which it will undergo when it is scoured, and its quality after it is scoured. If we have here a heavy-shrinking wool offered for sale, the price per pound is automatically depressed by the fact that there is that proportion of material clinging to the fiber which will be washed away and not used for manufacturing purposes.

I do not know whether I made my meaning plain to you previously or not.

Senator MCLEAN. You suggested that it was very difficult to ascertain the value of a large quantity of uncleaned wool without examining a pretty good percentage of the volume.

Mr. DALE. Yes.

Senator MCLEAN. And it occurred to me that under those circumstances it might be different for an appraiser to estimate the value of a large importation of wool.

Mr. DALE. That was a different point. I understood what your point was and stated that the value of the wool is determined in the markets of the world by men who have made it their life business to

buy and sell wool. I also went into the explanation of the auction sales, which I do not think it is necessary to repeat now, sales that are above suspicion and where the prices are, in normal times, a matter of record.

Senator McLEAN. I think I understood your position to be exactly this, that while it was difficult to ascertain the exact value, yet experienced men could estimate to within 5 or 10 cents a pound.

Senator SMOOT. Five to 10 cents per pound?

Senator LA FOLLETTE. Percentage.

Senator McLEAN. Percentage of the value?

Senator SMOOT. If a man goes and buys wool and does not estimate any closer than 5 to 10 cents per pound he can not remain in business for any length of time.

Senator LA FOLLETTE. Nobody said that.

Senator McLEAN. Five to 10 per cent of the wool.

Senator SMOOT. That is what I mean exactly.

Senator GOODING. Mr. Chairman, I would like to ask the witness how close, in his judgment, can they estimate, and do they estimate, these experts who buy wool, to its real shrinkage that they find after scouring?

Mr. DALE. My experience corresponds with that of France, which I am going to place on file, that no matter what a man's experience in judging wool has been, if he is called upon to estimate the shrinkage of wools with which he has not been familiar, wools that come from all parts of the world, that he has not been accustomed to buying, his judgment will be subject to very great errors, no matter what his experience has been.

Senator McLEAN. Then, if that is so, are not our appraisers going to labor under that same disadvantage?

Mr. DALE. That is an administrative question, as to whether you can get competent men as appraisers who will perform the same function for the Government that the buyers do for their employers in the markets of the world.

Senator SMOOT. Senator, the way that would be done—it is not by being a judge of wool. They will take samples of the wool that will come in, and they will scour that wool, and there would not be any guessing on the scoured basis of the wool. If they make some mistake in taking a sample, there will be an error, but I can not think there will be any danger of making that mistake. But what Mr. Dale says in relation to the mere estimate as to the shrinkage of the wool—a man who has bought wool in a certain territory or in the United States and bought it for years can tell you almost to 1 per cent of what that shrinkage of wool will be. If he is not able to do that, he has no right to buy wool for anybody.

But it is true that taking a wool from a foreign country, which the man has never bought before, nor ever scoured, nor had any experience with, he can not be as good a judge of that as he will be of wools he has been handling for years and years.

Senator McLEAN. Do you agree with that statement?

Mr. DALE. I agree with that statement; yes.

There is one point that I think would be well to bear in mind in estimating the shrinkage of wool. There is the eternal conflict between buyer and seller. The buyer will naturally estimate the

shrinkage to be greater than it really is; the seller will be inclined to estimate that it is less than it is.

Senator McLEAN. Yes; but, as I understand you, that is for business reasons.

Mr. DALE. That is for business reasons.

Senator McLEAN. Both of the parties can estimate very accurately. They know and can know substantially the precise value of that wool, and they are there padding the price or subtracting for business reasons?

Mr. DALE. And the result of that conflict is the market value; and that, as I said, is normally a matter of record in the markets of the world. It is well known. I have compared, this morning, the possible undervaluation, under an ad valorem duty, with the legalized undervaluation that you will get under any specific duty.

Senator McLEAN. I understood you to say this morning that these French experts, who experimented extensively, found great diffities in establishing the value of unwashed wool.

Mr. DALE. They found great difficulty in establishing the shrinkage of grease wool.

Senator McLEAN. And it was for that reason that it seemed to me that our own appraisers would meet with similar difficulties.

Mr. DALE. I can only repeat what I said a few minutes ago, that it is an administrative question for the Government to secure the same service in appraising the wool that the buyers and the sellers do in establishing the market value.

Senator GOODING. Mr. Chairman, I would like to ask Mr. Dale this question: Either on a specific duty or an ad valorem duty it will be necessary to make an estimate of the clean content of the wool in order to fix the ad valorem duty?

Mr. DALE. Not necessarily if you have an honest invoice.

Senator SMOOT. That is true if you have an honest invoice.

Senator McLEAN. If there is an opportunity to succeed in presenting a dishonest invoice, that is something we want to look out for.

Senator SMOOT. Senator, there is no way of arriving at the value of wool other than to know what the wool is going to shrink and what the quality of the wool is. I do not care who buys it or who sells it; that has got to be the value of that wool.

Senator GOODING. Absolutely.

Senator McLEAN. Of all grades?

Senator SMOOT. Any grades.

Senator McCUMBER. You all three agree upon that proposition?

Senator GOODING. I am not quite sure Mr. Dale agrees on that.

Senator McCUMBER. Yes; he has repeated it several times that that was the basis in estimating the value.

Mr. DALE. In listening to you gentlemen I do not recall now anything to which I take exception, and I do not recall anything that conflicts with anything I have said.

Senator GOODING. Mr. Dale, in figuring the ad valorem duty, I understood you to say that one of the objections to an ad valorem duty was that the Government could not find the honest duty of wool without scouring it.

Mr. DALE. I do not recall saying that. I produced this French evidence in order to demonstrate that it is impossible to administer a scoured-content duty.

Senator GOODING. Yes; that is the point.

Mr. DALE. Not an ad valorem duty.

Senator GOODING. The point I wanted to make again is that whether it is ad valorem duty or specific duty the Government must arrive at the clean content of a pound of wool before they can find its value in some way or another; that is the point I want to make clear.

Mr. DALE. To that I would reply as I did a few moments ago, that if the Government has an honest invoice, they have the market values; and it would not be necessary to test it on the scale that France found necessary during the war.

When wool is sold in the markets of the world the value is determined by buyer and seller, who judge with great accuracy all the elements on which the value depends—shrinkage in scouring and quality, the latter including length, fineness, elasticity, flexibility, strength, in fact everything that affects the utility of the wool. Thus the market value is, in fact, a certificate by the best experts as to both shrinkage and quality of wool. And for every bale of the great bulk of foreign wool this value thus established is a matter of record at great auction sales that are above suspicion.

Senator MCLEAN. Would it be difficult to apply the American valuation plan to your scheme of ad valorem duties?

Mr. DALE. As for the American valuation, I do not know what it is. I understand that this committee has quite a corps of Treasury experts engaged in finding out what it is. We are not taking sides for or against the American valuation, but we think that it is a perfectly reasonable plan for us to wait until the Government which proposes to impose it informs us what it is.

All of these illustrations have been purposely based upon the foreign value, not for the purpose of advocating the foreign value or of opposing the American value, but because that is the basis upon which we have been brought up from childhood to base our calculations and our ideas of manufacturing and of wool values. I tried different formulas, seeking one that would make it possible to base some intelligible calculations on the American value, and I finally gave it up. But I do not want to cast any discredit upon American valuation at this time. I only state the reason why I made my calculations on this foreign basis.

I have demonstrated the impossibility of adjusting the compensatory duty properly when the wool duty is specific, based on the grease weight, and I passed over the compensatory duty based upon the scoured content because that duty is both unjust and impracticable.

Now we come to the compensatory duty on an ad valorem basis. Let us assume that we have here two fabrics just alike, one made abroad and one made in the United States; that this foreign fabric represents a cost of 50 per cent for wool and 50 per cent for all the other items that make up the value. In other words, that a dollar's worth of that cloth is represented by 50 cents worth of wool and 50 cents for conversion.

Let us assume that there is a duty of, say, for illustration, 10 per cent on the wool, and that the conversion cost in the United States is 10 per cent higher than abroad. We have increased each half of the

foreign cost by 10 per cent, and increased the total cost by 10 per cent. So that an ad valorem duty of 10 per cent on the foreign fabric would raise the cost to $1.10, equal to the American cost. Thus the ad valorem duty on the cloth would balance with scientific precision both the wool duty and the increase in the conversion cost. This accurate adjustment would be obtained regardless of what the proportions of wool and conversion costs might be. But the wool duty is not likely to equal the increase of the conversion cost. And in that divergence between the ad valorem duty that may be placed upon wool and the percentage of increase in the conversion cost that may exist between foreign countries and the United States lies the only variable factor in adjusting an ad valorem duty on goods to compensate for the wool duty, and to protect the American manufacturer on account of the increased cost of conversion.

Let us, again for illustration only, assume that we have a duty of 50 per cent upon the wool, and that the conversion cost in the United States is 100 per cent higher than it is abroad. Our 50 cents' worth of wool will be increased by the duty 50 per cent, making the American cost of the wool 75 cents. The 50 cents for conversion abroad will be increased by 50 cents—that is, 100 per cent—making the American conversion cost $1, the total American cost being $1 for conversion and 75 cents for wool, or $1.75. So that a 75 per cent duty placed on the foreign value will equalize the wool duty and the increase in the conversion cost. But wool goods do not all represent 50 per cent for wool and 50 per cent for conversion.

Some goods cost more for wool than they do for conversion, and other goods will cost less for wool than they do for conversion.

Let us take a fabric that represents the extreme in one direction, say a fabric that abroad costs 40 cents for wool and 60 cents for conversion. Let us also assume that we have adjusted the tariff on cloth at 75 per cent ad valorem on a 50–50 basis. Now, we have this fabric that is on a 40–60 basis. The 40 cents' worth of wool is increased 50 per cent and becomes 60 cents. The 60 cents for conversion is increased 100 per cent, to $1.20. So that in America the $1.20 and the 60 cents make the American cost $1.80, and on that particular fabric it would require 80 per cent to balance the wool duty and the increase in the conversion cost.

In other words, the sinking of the proportion of wool to 40 per cent, which I believe will be practically the extreme, has resulted in our duty based on the 50–50 basis being 5 per cent too low.

It will not be necessary for me to run through the calculation, as you can readily see that on a foreign fabric of which the wool represents 60 per cent of the cost and the conversion 40 per cent the reverse condition will exist, and that instead of the 75 per cent duty on cloth being 5 per cent too low, it will be 5 per cent too high.

This variation in the proportions of wool and conversion costs is the only variable factor in adjusting an ad valorem duty on goods to balance the wool duty and the increase in the conversion cost.

I hope I have made this clear.

I have been speaking of goods which are made of all-wool fiber. There are goods made of mixtures of wool and cotton. We suggest that if an ad valorem tariff is enacted into law that an investigation be made, and it need not be very complicated or extended in order to be adequate, to determine to what extent the total duty could be re-

duced on these mixed goods in order that an excessive and concealed compensatory duty may not exist. We believe that concealed protection in any form is one of the greatest evils, and a great danger to the cause of protection.

Senator McLEAN. In the plan you have just suggested, where you apply ad valorem and your percentage of conversion costs to the wool, would not you have to rely almost entirely upon the honesty of the appraiser or invoice?

Mr. DALE. I was just coming to that. No; I do not think so, and for this reason: In the case of the vast bulk of mixed goods it would be easily possible by an analysis to determine the proportions of the wool fiber and the other fibers, and on that basis it would be possible to adopt a graduated reduction of the duty on mixed goods, graduated in accordance with the increase in the percentage of other than wool fiber. It is my judgment that this can easily be done.

Senator McLEAN. I assumed you were talking entirely of wool.

Mr. DALE. I have in my talks so far, but there are vast quantities of fabrics——

Senator McLEAN (interposing). That would add to the complication?

Mr. DALE. Yes; but when I compare the great simplicity of the ad valorem duty, which I have laid before you to-day, with the untold complications in Schedule K that have tormented the country for nearly 60 years, I look upon this adjustment of the duty on mixed goods in order to make the tariff honest as the merest bagatelle in administrative complications.

Senator SMOOT. You do not mean by that that the cotton that may be in a piece of woolen goods will carry the value of the woolen goods right in the Payne-Aldrich bill?

Mr. DALE. No.

Senator SMOOT. But you do not mean to say that under this provision that goods carrying the cotton warp, wool filling, or mixed filling would carry the wool duty?

Mr. DALE. I do not want it to.

Senator SMOOT. Nor do I; and therefore have you not minimized the result of this beyond reason when you say "it is a mere bagatelle?"

Mr. DALE. No; I was comparing the administrative problem with the complexities of the old Schedule K. You might find that my plan would involve getting a pair of scales and some chemicals and boiling out the wool and perhaps raveling the threads, which is being done every day in the New York customhouse. Judging that work by itself we might say "That is quite a complicated process." But I was talking in a comparative sense.

Senator SMOOT. For instance, one year there were 12 pairs of blankets shipped into the United States by one manufacturer to see how cheap they were making them in Germany. They were all cotton with the exception of a few threads in the border, and because of the few threads in the border they were compelled to pay the all-wool duty upon the blankets, and that brought the duty upon those blankets to over 500 per cent; and that is one of the attacks made upon the Payne-Aldrich bill, and that can not be done under this

bill; and it ought never to have been allowed under the Payne-Aldrich bill.

Mr. DALE. I think it can be done under the Fordney bill. The method of adjusting the compensatory duty on wool goods, which I have explained, will serve also for the protective duty. In the illustration I have combined the two. I come now to a very important point, the adjustment of the rates on different products, on manufactured products, tops, yarn, and cloth. The theory of protection is that it should balance the difference in cost. It is impossible to determine the difference between the American and the foreign cost of production, because one of those values, the foreign cost, will always remain an unknown quantity. But it is possible, and easily possible, for you to determine the American cost, and then on that basis you can adjust the duties on the assumption that the ratio between the foreign conversion cost and the American conversion cost remains the same for the different classes of goods—tops, yarns, and cloth.

We desire to suggest that if you adopt an ad valorem basis for Schedule 11 you secure data from manufacturers, giving them all an opportunity to supply you with the information, which will enable you to adjust equitably these rates on tops, yarn, and cloth. Each of the two products, tops and yarn, is a raw material for one class of manufacturers and the finished product of another class.

And unless the rates on these products are properly adjusted there is bound to be discrimination and special privilege between the different groups of producers. We think it will be easily possible for you to obtain the necessary information. It should come to you and be held in the strictest confidence, because there is no information that is more jealously guarded, and more properly so, than the information regarding the manufacturing costs in a mill. But you must have this information in order to adjust these duties properly. The carded-woolen manufacturers whom I represent are ready to give it to you with the proper safeguards that it be held in strict confidence and used only for the purpose of making the tariff fair to all.

Senator SMOOT. In that connection, I suppose you would give the average costs?

Mr. DALE. I hardly think I would, because there is sometimes nothing more misleading than an average. I think that it would be well to call for costs on definite products, and have your questionnaire as simple as practicable, with questions that can be easily answered, but comprehensive enough and going into sufficient detail to prevent your being misled.

Senator SMOOT. I would not care how brief or comprehensive the questions may be if the mills are not all making tops and yarns at the same price. That is why I suggested you could not take the lowest, nor can you take the highest. We would have to arrive at some happy medium.

Mr. DALE. I did not understand you. I think when you select a particular product that it would be necessary for you, perhaps, to use your judgment and take what you thought was right—the average—or, if there were any special conditions existing that would warrant your doing so, to take a lower cost or a higher cost. That would be one of the questions for you to decide when you came to it.

Senator McCUMBER. After you have obtained the average of the American cost, will you compare that average American cost in order to determine what the duties will be? The same product might cost twice as much in France as it did in Japan and cost as much in Great Britain as it did in France. What are you going to take as the basis for your comparison in order to determine what should be the compensatory duty?

Mr. DALE. I would let it be based upon your judgment and the best information obtainable regarding comparative conditions at home and abroad. The Tariff Board report of 1911 stated that the conversion cost for tops—I am speaking now from memory, and I may not get the figures exact—was approximately 80 per cent higher than in England.

Senator McCUMBER. And how much higher than in Germany?

Mr. DALE. I can not give the figures for Germany.

Senator McCUMBER. How much higher than in France?

Mr. DALE. I was coming to that. The report stated that for yarn and cloth the French cost was approximately the same as the English.

Senator WATSON. Do those costs still obtain?

Mr. DALE. I am coming to that in a moment.

When it came to yarn, the report stated that the conversion cost was approximately 100 per cent higher in this country than in England and France, but that the cost difference on different fabrics varied widely. As I recall it, the lowest was somewhere around 75 per cent higher in this country. On some fabrics the difference in conversion cost went up to 150 per cent—147, as I recall——

Senator WATSON (interposing). Are those 1912 figures of any value now?

Mr. DALE. I am coming to that in a minute. That is a very important question, and I want to answer it, but I want to state what those figures are first. Here are extracts from the Tariff Board report:

> The difference in the cost of turning wool into tops in this country and England varies with the quality of the tops. Considering all grades, it may be stated that 80 per cent represents a rough approximation of the excess of the American cost over the English.
>
> Worsted yarn. * * * In England the method of frame spinning is the more common, and on the Continent mule spinning. The latter is the more expensive process. Comparing frame spinning in England with frame spinning in the United States—which is the common method here—it may be said that although there are wide variations in both countries from mill to mill, the conversion cost for the same quality and count of yarns in the United States is about twice that of England. * * *
>
> * * * The difference of manufacturing cost here and abroad of woolen and worsted fabrics (from yarn to finished cloth) varies greatly, according to the character of the fabrics. The main processes included are weaving, finishing, and dyeing. The figures of the board show that the cost of turning yarn into cloth in the United States compared with England is all the way from 60 to 170 per cent higher, according to the character of the fabric.

For a great variety of fabrics the American conversion cost is 100 to 150 per cent greater than the English cost.

Those figures are nine years old. Since then there has been a great war. Everything has been upset. But it is the best information that we have, and we are giving it to you, and if we had better information we would give you that. Revising a tariff at a time like this

involves meeting this problem, and I can not give you any further information than is given there. It might be possible for the Tariff Commission to give it to you. I have applied to them and they say they have not got it in a form for me. They say that it is not in their possession.

Still, every one seems to be agreed that the tariff will have to be revised. So, with the light that is shining on the question and with what judgment we can bring to bear on its solution, we have certain rates to suggest.

First, however, there is the question of a duty on wool. The wool manufacturers buy wool, and it is not fitting for them to come here and speak with too great emphasis regarding what duty should be put upon a product they buy. The duty on wool under the Dingley and Payne-Aldrich bills for 1908—this is grease wool—was 46.15 per cent; in 1909 it was 53 per cent; in 1910 it was 47 per cent; in 1911, 46 per cent; in 1912, 49 per cent; in 1913, 50.86 per cent; and in 1914, 46.68 per cent.

The carded woolen manufacturers will be satisfied with any ad valorem duty on wool that is satisfactory to the American people, and that includes the woolgrowers. Any rate that is satisfactory to Congress, to the woolgrowers, and to the American people will be satisfactory to us, providing it is a fair duty, and that means providing it is ad valorem.

So, with these figures before us, confronting the problem of fixing rates on wool, yarn, and cloth, we start with the suggestion that you consider a 50 per cent duty on wool.

Senator WALSH. What is it in the Fordney bill?

Mr. DALE. It is 35 per cent on the American valuation, and according to our calculations that, allowing a 5 per cent profit to the importer, is equal to 65 per cent on the foreign value. But all of my discussion here is based on the foreign valuation, in order to keep it uniform and understandable.

Senator WALSH. With the past law?

Mr. DALE. Yes, sir; starting with that suggested rate of 50 per cent on wool——

Senator WALSH (interposing). You mean, of course, that if the American valuation carried in the House bill?

Mr. DALE. Well, I referred to that before you came in, and I repeat now that we do not pretend to understand what the American valuation is.

Senator WALSH. That is all in the record?

Mr. DALE. Yes.

Senator WALSH. I do not want to take the time of the committee. I thank you.

Mr. DALE. Starting with the suggested rate on wool, we suggest that in accordance with the method I have tried to explain here to-day you adjust the rates on yarn on the assumption that the cost of foreign yarn is made up of 70 per cent for wool and 30 per cent for conversion, that the cost of foreign cloth is made up of 50 per cent for wool and 50 per cent for conversion, and that the American conversion cost of both yarn and cloth is 100 per cent higher than the foreign cost.

Without going through the calculations, which I have already explained, that gives us 50 per cent ad valorem on wool, 65 per cent ad valorem on yarn, and 75 per cent ad valorem on cloth.

Senator GOODING. I would like to say, Mr. Dale, that the Tariff Board's estimate is 40 to 60—60 for the wool. When there is a tariff on wool, they held that the conversion cost to the manufacturer is 40 and 60; wool is on the free list, and the present price reduced is 50/50, but with the protection it is 40/60.

Mr. DALE. Yes.

Senator GOODING. That is their finding after very exhaustive investigation?

Mr. DALE. Well, we hope—and I am confidently counting upon your giving sympathetic consideration to these suggestions—we hope that you will subject them to all the acid tests that you can bring to your command.

Senator WATSON (interposing). Senator Gooding, to what report do you refer?

Senator GOODING. The report on Schedule K.

Senator SMOOT. Of course, that would all depend on what class of wool?

Senator GOODING. That is, the average. I think that is generally accepted.

Mr. DALE. I have come to about the end of my story. I have here our brief and the translation of Robert Dantzer's report, which I would like to have entered in the record. I also have a document which I prepared for the Tariff Board on August 12, 1910, being an analysis of the Payne-Aldrich Schedule K, that we would like to have entered in the record. Chairman Page has given his consent to my entering it in the record to-day. It was carefully prepared; it took me three or four months to prepare it, and it is boiled down. I think you will find it rather useful.

Senator MCCUMBER. Without objection, they may be printed in the record.

Mr. Dale, the committee have been so well impressed with the manner in which you have presented this subject that they have been inclined to give you all the time that you wished, and we think we have been justified in extending that time. But there is one subject on which I would like your judgment, and that is on the subject of the American valuation. You spoke, if I may say so, rather disparagingly of the proposition, or at least with the preference for the old proposition.

Here is one feature of the case, and the only feature, that has impressed me with the importance of the American valuation. We tried to maintain in the country the highest standard of wages and of living, but by the adoption of the foreign valuation as the basis of our tariff we pay a premium for the lowest class of labor and the lowest standard of living.

Let me illustrate. The article costs 50 cents in Japan to produce. It costs a dollar to produce, I will say, substantially or practically the same article, in France. We levy a duty of 20 per cent. The Japanese producer, therefore, has introduced that article into the United States on the payment of 10 cents only, while the French producer, because he has a higher standard of living in his country and pays

better wages, is penalized by compelling him to pay 20 cents for bringing the same article in; and if we go to Great Britain it might be 30 cents for introducing the same article in the United States. For that reason we have adopted, wherever it has been possible, a specific duty in preference to an ad valorem duty. Now, wherein is there anything weak in the argument in behalf of the American valuation system; that is, if we do not use the American valuation for the mere purpose of obtaining an excessive tariff duty, but use it for the purpose of equalizing the duties so that the duty on the same article will be practically the same, no matter from whence it is brought into the United States.

Mr. DALE. Well, as I stated before, I would prefer to wait until the Government decides what the American valuation is, but I can appreciate the force of what you have said in regard to the imports from different countries with different standards of living, different standards of costs. In reaching a conclusion on this question of valuation you may find it necessary to take that into consideration. I do not think, however, that the question should be decided solely on that consideration.

There may be other things to offset the advantage that you speak of. In framing a tariff bill I think it would be well for you to realize, as you probably do, that perfection will never be attained. There are too many variable factors in the problem. As for the American valuation plan, I do not want my remarks to be construed as reflecting adversely on it. I want to hold myself neutral on this problem until I know more about it and I believe the people whom I represent occupy the same position.

Senator McCUMBER. Is not the present system manifestly so unjust as between the different countries that are producing and exporting to the United States that we ought to be able to meet that in some way if we possibly can?

Mr. DALE. So far as the tariff on wool and wool goods is concerned, I should say no.

Senator McCUMBER. I admit possibly there would be less occasion for it there.

Mr. DALE. But when it comes to the broad question of the tariff on everything that is going to be made dutiable, that is something, perhaps, that I am not competent to pass upon. So, Senator, without speaking for or against this American valuation system, I want to hold the whole matter in suspense until we get such light as, possibly, you will get through this investigation and which you may not get by this investiation.

Senator SMOOT. There is one question that I would like to ask you. I think that I can thoroughly agree with your statements here based upon the premise you have laid down; that is, the cost of material being 50 per cent and the cost of conversion being 50 per cent. The fault in that, however, would be this: We would then be a manufacturing country whose cloth is made on a basis of 50 per cent wool and 50 per cent conversion. It would cut us out of all the finer class of goods where the conversion cost is 70 per cent and the wool cost 30 per cent, or else we would have to have a different rate of duty in order to take care of that class of goods. If we want to be a 50–50 country, if I may allude to it in that way, I rather think

with ad valorem rates applied it would work out that way. You must remember that we have to take care of the coarser goods, and that will require a greater amount of wool. When you get into the finer grade of goods you must admit that will not take care of that class of goods.

Mr. DALE. It has been my experience and the experience of others that the highest percentage of conversion cost is often found in the cheapest goods.

Senator SMOOT. That is not my own experience.

Mr. DALE. The conversion cost does not sink as rapidly as does the value of the material.

Senator MCCUMBER. Do you mean the comparative conversion?

Mr. DALE. Yes; the comparative conversion. I think you will find that on a large number of low-priced fabrics the conversion cost or the proportionate conversion cost is larger than on many higher-priced fabrics.

Senator SMOOT. That is true if you have mixtures of waste in low-priced goods. I will not say mungo, but I mean wastes of all kinds made from odds and ends and everything. That is true in that kind of goods. For instance, the conversion of blankets does not amount to more than 50 per cent on account of the low stock and waste that is used. As to yarn and the thickness of the thread that is used, the same thing is true; but I am speaking now of your proposition here with reference to cloth.

Mr. DALE. Yes.

Senator SMOOT. There is where you get into trouble. I suppose, of course, there has to be a dividing line somewhere that would mark that difference. You know that in past tariff bills—I will say this at least so far as I am personally concerned—the rates have been upon cloth sometimes higher than I actually knew was necessary on the ordinary cloth that everybody makes, but they were required to take care of each class of goods. Of course, under all the other bills that we passed, it applied to all alike. I wanted simply to call your attention to the fact that I believe that if we want to be a 50-50 country more than likely this would work, although I do not want to say that these percentages offered by you would be right. I did offer a tariff bill based upon that as a substitute for the Underwood-Simmons law. At that time I worked out the compensatory duty from wool to tops, from tops to yarn, and from yarn to cloth.

Mr. DALE. Yes; I remember it. I think if you will call for the information which you should have and which I have suggested it will shed a great deal of light on this point that you have raised. We have used our best judgment in making these suggestions. You will find in my analysis of the Tariff Board's report in Schedule K, which has been published repeatedly in the Congressional Record, a list of 86 fabrics that were made in our mill. I arranged the fabrics according to value per pound, beginning with the lowest price, and placing opposite each one the percentage of cost for wool and for conversion. I think if you will look that over you will perhaps get some suggestions.

Senator SMOOT. I think that I have on my wall a map half as big as that case over there, with, I think, 110 samples of goods, made not only in this country but in foreign countries. Half were from this

country and comparable goods were made in foreign countries. I have the cost of each as ascertained by the Tariff Board. As a matter of fact, I know I have it in my office.

Mr. DALE. As I recall it, the Tariff Board gave us a report on the cost of converting wool into tops, tops into yarn, and yarn into cloth, but did not give a report on the cost of converting wool into yarn or wool into cloth. That was one of the defects in the report.

Senator SMOOT. They gave us the report from wool to tops, tops to yarn, and yarn to cloth.

Mr. DALE. Yes; but how are you going to get from that the percentage of wool to cloth when the yarn they are figuring on might not have gone into the cloth?

Senator SMOOT. You are speaking of conversion cost?

Mr. DALE. Yes.

Senator SMOOT. Well, that is true.

Senator LA FOLLETTE. In the examples which you presented in your analysis you had worked them out on the cloth actually manufactured, had you not? I am referring now to the eighty-odd samples of cloth actually manufactured in your factories.

Mr. DALE. Yes; and with the mill cost.

Senator LA FOLLETTE. They covered cloths of coarse texture?

Mr. DALE. Yes; they covered a wide range of goods.

Senator LA FOLLETTE. Fine goods as well?

Mr. DALE. Yes; they did.

Senator SMOOT. In the bill that I prepared I sent home and got my cost books at the mill, and it was upon these cost books that I figured the conversion, each step from wool to cloth.

Senator WALSH. Your own cost book?

Senator SMOOT. Yes; my own cost book.

Mr. DALE. I am afraid there is one defect in your costs. You did not mix enough low stock with your Utah wool.

Senator SMOOT. We did not use it.

Mr. DALE. The cost of converting low-grade stock into, say, 3-run yarn may be greater than the cost of converting a good grade of Utah wool into 3-run yarn. The same may be true of converting low-grade stock and Utah wool into fabrics.

Senator SMOOT. The conversion cost would be less, because I did not have as many breaks in the weave room in making the cloth from the filling, nor did I have as many breakdowns.

Mr. DALE. Nor in weaving.

Senator GOODING. Going back, Mr. Dale, to the sales of that scoured wool in London that, I think you said, sold for 8 cents a pound?

Mr. DALE. Yes; in small quantities.

Senator MCCUMBER. In 1911?

Senator GOODING. Do you know anything about the condition that was in?

Mr. DALE. I do not know. I imagine it was scoured short wool, suitable for making good cloth; possibly it was scoured locks and pieces.

Senator SMOOT. I suppose it would come from tag-lock stuff, soaked out, discolored, and never should have been used for making anything except a mixture.

Senator GOODING. At 8 cents a pound?

Senator SMOOT. Yes.

Mr. DALE. I want to thank the committee and Senator Gooding for your patience and for the time you have given us.

BRIEF OF SAMUEL S. DALE, REPRESENTING CARDED WOOLEN MANUFACTURERS' ASSOCIATION, BOSTON, MASS.

The Carded Woolen Manufacturers Association asks that the tariff on wool, wool by-products, reclaimed wool, and partly or wholly manufactured wool goods be based on value. We make this request because specific duties based on any unit of weight or measure are unfair when levied on products varying so widely in value as do wool and manufactures of wool. The market price of a pound of wool is the measure of its value for manufacturing purposes, and consequently is the only basis for a tariff that is fair to all. If the duty is specific, it is certain to be unequal and unjust, discriminating against one class of users and conferring special favors on others. For these reasons we ask that all duties placed on wool and manufacturers of wool, on what we sell as well as on what we buy, shall be ad valorem and adequately protective for the wool growing and wool manufacturing industries.

THE TARIFF ON WOOL.

The value of wool varies widely because of the difference in quality and condition, quality being used here to designate the fineness of the fiber, length, and strength of staple, color, elasticity, and spinning qualities. Wool as it comes from the sheep's back varies widely in condition because of the varying quantity of foreign materials, burrs, seeds, and shives present, but one of the most important factors in the condition of grease wool affecting its value per pound for manufacturing purposes is the quantity of natural grease, dirt, and other substances on the fiber that are removed by the process of scouring. The substances removed by scouring wool vary widely from say 80 to 15 per cent of the original grease weight, making the yield or "scoured content" from 20 to 85 per cent. This varying shrinkage in scouring, combined with the variation in quality, results in extreme variations in the value of grease wool per pound.

SPECIFIC DUTY ON GREASE WOOL.

The effect of placing a uniform specific duty on grease wool subject to such wide variations in value is self-evident. It results in enormous variations in the ad valorem equivalents, as is shown at any sale of any considerable quantity of wool; for example, 60,000,000 pounds of unwashed wool sold at London at the time (1909) the last protective tariff was framed. Exclusive of the small quantity of wool sold for less than 6 cents per pound, the highest and lowest prices at that sale and the specific duties imposed at that time with their ad valorem equivalents were as follows, the other prices and duties ranging between these extremes:

Unwashed wool, 60,000,000 pounds.
Highest price, 47 cents per pound.
Specific duty, 11 cents per pound.
Ad valorem equivalent, 23.4 per cent per pound.
Lowest price, 6 cents per pound.
Specific duty, 11 cents per pound.
Ad valorem equivalent, 184 per cent per pound.

The specific duty, when reduced to a percentage of the market value, which measured the utility of the wool for supplying human necessities, varied from 23 cents to $1.84 on a dollar. The purchaser of a thousand dollars' worth of the 47-cent wool at London was able to bring it into the United States by paying a duty of $234, while the purchaser of a thousand dollars' worth of the 6-cent wool could bring it into the United States only by paying a duty of $1,840.

In order to illustrate in more detail the effects of a specific duty on grease wool, we have classified according to price the 12,000,000 pounds of grease wool sold March 12–17, 1914, at the last London wool auction held before the war,

and calculated the ad valorem equivalent of the Payne-Aldrich specific duty of 11 cents per pound and of the so-called "emergency" specific duty of 15 cents per pound for each value with the following result:

Ad valorem equivalents of specific duties applied to 35,054 bales (12,000,000 pounds) of grease wool sold at London Mar. 12–17, 1914.

[Prices in cents per pound at $4 per pound sterling.]

Bales.	Cents per pound.	11 cents.	15 cents.	Bales.	Cents per pound.	11 cents.	15 cents.
		Per cent.	*Per cent.*			*Per cent.*	*Per cent.*
18	30.8	35.7	48.7	697	14.2	77.4	105.6
12	30	36.7	50	271	14.1	78	106.3
52	29.2	37.9	51.7	428	13.3	82.7	112.7
24	28.3	38.8	52.9	390	12.9	85.2	116.2
196	27.5	40	54.5	397	12.5	88	120
329	26.7	41.2	56.2	126	12.1	90.9	123.9
404	25.8	42.6	58.1	151	11.3	97.3	132.7
794	25	44	60	57	11.2	98.2	133.9
948	24.2	45.5	62	138	10.8	101.8	138.8
1,396	23.3	47.2	64.3	55	10.4	105.7	144.2
1,574	22.5	48.9	66.6	135	10	110	150
1,706	21.7	50.6	69.1	81	9.6	114.5	156.2
2,814	20.8	52.8	72.1	53	9.2	119.5	163
3,355	20	55	75	3	8.7	126.4	172.4
4,735	19.2	57.2	78.1	40	8.3	132.5	180.7
5,376	18.3	60.1	81.9	11	7.9	139.2	189.8
4,084	17.5	62.8	85.7	33	7.5	146.6	200
1,230	16.7	65.8	89.8	3	7.1	154.9	211.2
399	16.2	67.9	92.5	7	6.7	164.2	223.9
690	15.8	69.6	94.9	5	6.2	177.4	241.9
529	15.4	71.4	97.4	1	5.8	189.6	258.5
838	15	73.3	100	4	5.4	203.7	277.7
456	14.6	75.4	102.7				

Excluding the small quantity of grease wool sold for less than 7½ cents per pound, the ad valorem equivalent of the Payne-Aldrich 11-cent duty applied to this 12,000,000 pounds of wool varies from 36 per cent on the highest priced wool to 147 per cent on the lowest priced; and the present emergency duty of 15 cents per pound, which is now as permanent as any part of any United States tariff law ever was, varies from 49 per cent on the highest priced wool to 200 per cent on the lowest priced. A large part of this wool was skirted, and under the emergency tariff subject to a double duty, which would double the ad valorem equivalents.

It is the unchangeable nature of specific duties to bear heavily on low and medium-priced materials, raw material, yarns, cloths, clothing, blankets, and other necessary articles that are produced at a moderate price, and to bear lightly on high-priced materials, including both raw materials and fabrics.

In connection with the injustice of the specific duty on grease wool, as shown by the variation of its ad valorem equivalents, it is well to recall certain effects which that duty had on the manufacture of wool goods in the United States during the 46 years that, with a brief interruption, it was in force. Of the two main branches of wool manufacturing in the United States, one, the worsted industry, using wool of long staple, found in foreign markets an ample supply of raw material, in the form of light shrinking wool, which could be imported at a duty that was but a fraction of its value; while the other, the carded woolen industry, in which wools of shorter staple were used, found that its supply of raw material was mainly in the form of heavy shrinking wool which could not be imported at all, because the specific duty per grease pound was equivalent to several times its value, raising the cost of the wool far above what the carded woolen mills could afford to pay for it.

A RECORD OF DISCRIMINATION AND SPECIAL PRIVILEGE.

The destructive effects of this discrimination against the carded woolen industry and the artificial stimulation of the worsted industry by special privilege under Schedule K of 1867 are known to everyone conversant with the manufacture of wool goods during the 40 years from 1870 to 1910. During these four decades the carded woolen and worsted branches of the industry were subject

to a combination of influences in addition to those resulting from the inequality of the tariff law. Among these were fashion and the more recent introduction of worsted processes in this country, both of which favored the more rapid growth of worsted manufacturing during the period named. These influences and the discrimination and special privilege under the law were so combined as to make it impossible to determine the exact effect of each on the two branches of wool manufacturing. With this explanation, the following table, compiled from the United States census reports, is submitted to show the contrast between the steady decline of the carded woolen industry and the rapid development of the worsted industry in this period of 40 years, during which the former was deprived of a large part of the raw material needed for its products, while the latter was able to secure an ample supply at a cost far below what Schedule K was popularly supposed to permit.

Year.	Wage earners.		Wages.		Materials.		Products.	
	Carded woolen.	Worsted.	Carded woolen.	Worsted.	Carded woolen.	Worsted.	Carded woolen.	Worsted.
1870	80,053	12,920	$26,877,575	$4,368,857	$96,432,601	$14,308,198	$155,505,358	$22,090,331
1880	86,504	18,803	25,836,392	5,683,027	100,845,611	22,013,626	160,606,721	33,549,942
1890	76,915	42,978	26,139,194	14,944,966	82,270,335	50,706,769	133,577,977	79,194,652
1900	68,893	57,008	24,757,006	20,092,738	71,011,956	77,075,222	118,430,158	120,314,344
1905	72,747	69,251	28,827,556	26,269,787	87,830,825	109,658,481	142,196,658	165,745,052
1910	52,180	111,012	22,575,175	47,151,871	65,651,634	207,786,936	107,118,858	312,624,663
Change	[1] 35	[2] 759	[1] 16	[2] 979	[1] 35	[2] 1,352	[1] 31	[2] 1,315

[1] Per cent decrease. [2] Per cent increase.

The carded-woolen industry shows a decline of 35 per cent in the number of wage earners, 16 per cent in the wages paid, 35 per cent in the value of raw materials, and 31 per cent in the value of products; while worsted manufacturing shows an increase of 759 per cent in the number of wage earners, 979 per cent in the wages paid, 1,352 per cent in the value of materials, and 1,315 per cent in the value of products.

Such are the results which discrimination and special privilege under the law have contributed so much to bring about. On one hand, you find the ruin of many hundreds of woolen mills of moderate size, that once dotted the country, located in small towns and villages, giving employment to men and women under the most favorable conditions for developing sound minds and bodies and the spirt of Americanism. On the other hand, you find the artificially stimulated growth of the worsted industry, with its concentration in huge manufacturing units in great industrial centers.

Another and an equally momentous issue is involved in the sharp contrasts found in these statistics. It is whether the American people, for whom both carded woolen and worsted mills are operated, shall, in a large measure, be deprived of the products of the great branch of wool manufacturing which is best adapted for the manufacture of durable wool clothing at a moderate price. Our appeal to-day is that of men engaged in this carded-woolen industry; but we most respectfully remind you that the inequality by which our industry has been oppressed under the law, has, likewise, placed a heavy burden upon the great mass of the people in this country. We ask that this injustice shall not again be legalized by the wool schedule. If it is, we believe that after another period of agitation, the voters, now numbering the women as well as the men, will again sweep it from the statute book.

In addition to admitting raw material for one branch of wool manufacturing at a low duty and excluding raw material for another branch of the same industry by a high duty, the specific tariff on grease wool had another discriminatory effect. It was framed on the assumption that 3 pounds of unwashed wool was equivalent to 1 pound of scoured wool, that an 11-cent specific duty on grease weight was equivalent to a 33-cent specific duty on scoured wool. The importation of light-shrinking wool yielding approximately 2 pounds scoured for every 3 pounds of the unwashed weight, swept away one-half of the theoretical duty per scoured pound. As 3 pounds of grease wool, paying a duty of 33 cents, yielded 2 pounds of scoured instead of 1 pound, the duty per scoured pound became 16½ cents instead of the imaginary 33 cents.

The specific duty on grease excluded the heavy-shrinking wool from the United States.

It deprived the carded-woolen industry of access to raw materials in foreign markets.

It admitted light-shrinking wool at a comparatively low duty.

It gave the worsted mills access to an ample supply of light-shrinking wool suited to their requirements at a low duty.

It deprived the woolgrowers of the protection they expected.

Practically no wool shrinking more than 55 per cent was imported, a large part of it shrinking much less. Before leaving this part of the subject, let us examine a summary of over 10,000,000 pounds of grease wool imported between 1905 and 1911 by a representative American mill. (Tariff Board report on Schedule K.)

Wool.	Grease.		Shrink.	Cost, scoured.	11-cent duty.	
	Bales.	Weight.			Scoured, pound.	Per cent.
Australian merino	13,067	4,142,681	48.9	51.4	21.3	41.2
South American merino	1,472	1,455,602	51.2	50.9	22.5	44.4
Australian crossbred	2,315	686,536	36.6	47.8	17.4	36.5
South American crossbred	4,457	3,736,690	36.5	36.1	17.3	48.1
Average and totals	21,311	10,021,509	43.8	46.5	19.6	42.2

Some things are so self-evident that dwelling on them serves only to obscure them. Among these is the rank injustice of a specific duty on grease wool. It has been condemned by the people. It has few to apologize for it or defend it. The only escape from its evils is by a duty based on value.

SPECIFIC DUTY ON SCOURED WOOL.

As has already been pointed out, the value of unwashed wool depends on two principal factors—its shrinkage in scouring and what, for convenience we will call quality. Scouring eliminates the shrinkage factor and the value of scoured wool is left to be determined by quality. At first glance it might seem as if scouring would to a large extent reduce the variation in value. This effect, however, is in practice largely nullified by the varying combination of shrinkage and quality, low quality being combined with both light and heavy shrinking wools. The result is that extreme variations in value per pound still persist after the grease, dirt, and other soluble materials have been removed from the fiber by scouring. This is shown by 30,644 bales of scoured wool sold at London in 1911. Exclusive of the small amount of this wool sold for less than 8 cents per pound, the highest and lowest prices for scoured wool at that sale and the specific duty with its ad valorem equivalent were as follows:

Highest price, 61 cents per pound.
Specific duty, 33 cents per pound.
Ad valorem equivalent, 54 per cent.
Lowest price, 8 cents per pound.
Specific duty, 33 cents per pound.
Ad valorem equivalent, 412 per cent.

Under the then prevailing specific duty on wool a thousand dollars' worth of the 61-cent scoured wool could be brought into the United States by the payment of a duty of $540, while a thousand dollars' worth of the 8-cent wool could be brought in only by the payment of a duty of $4,120. Both of these rates were prohibitory. The 54 per cent duty was as effective in excluding scoured wool as was the 412 per cent duty, but these extremes are given here in order to illustrate the inequality and the inherent injustice of a specific duty based on either the grease weight or the scoured weight of wool.

Without the proviso limiting the duty on wool to 35 per cent ad valorem, paragraph 1102 of the Fordney bill placing a specific duty of 25 cents per pound scoured on wool would supply a good illustration of the variations under a

specific duty on scoured wool, as will be seen by the ad valorem equivalents of the 25-cent scoured weight duty on wool of different values.

Value (cents per pound).	25-cent duty.	Value (cents per pound).	25-cent duty.
10	250 per cent.	60	41 per cent.
20	125 per cent.	90	36 per cent.
30	83 per cent.	80	31 per cent.
40	62 per cent.	70	28 per cent.
50	50 pet cent.	100	25 per cent.

A glance at table with duties ranging from 25 to 250 per cent ad valorem reveals the inherent injustice of a specific duty on scoured wool. If a specific duty of 33 cents per scoured pound were imposed the ad valorem equivalents would range from 33 to 330 per cent.

FORDNEY DUTY ON THE "SCOURED CONTENT."

Before the rates on wool, tops, yarn, and cloth can be adjusted to give the required protection without discrimination against or special privilege to any branch of wool manufacturing, it is necessary to determine on what valuation the rates are to be based. The proposed change from the foreign value to the American, from a customary standard on which experience is based, to a new standard with which there is little or no experience to serve as a guide, introduces into the tariff problem an element of uncertainty.

Take the raw wool for illustration. The United States produces less than one-half of the wool consumed, and if the people are to continue to be as well clothed with wool as in the past, a large quantity of foreign wool will have to be imported. As no one will knowingly import anything that costs more than it is worth, it is certain that under ordinary conditions the American value of imported wool will be equal to the sum of the foreign cost, import charges, duty, and profit. The Fordney bill limits the duty on wool to 35 per cent ad valorem, American valuation, so that the foreign cost and import charges will constitute 65 per cent of an American value without allowance for profit, which is calculated would raise the American value still higher and further increase the duty. Omitting profit from the calculation, $1 worth of wool in a foreign market and the import charges of 11 per cent would amount to $1.11. This $1.11 being 65 per cent of the value in the United States, the American value is ($1.11÷65) $1.71, on which the 35 per cent duty based on American value is ($1.71×35) 60 cents, or 60 per cent of the foreign value:

Foreign value	$1.00
Import charges	.11
35 per cent duty, American value	.60
Total cost	1.71

If an allowance of 5 per cent of the American value is made for profit, the duty, 35 per cent, and profit, 5 per cent, will amount to 40 per cent, and the $1.11 will be 60 per cent (100 per cent — 40 per cent) of the American value, which will then be made up as follows:

Foreign value	$1.00
Import charges	.11
35 per cent duty, American value	.65
5 per cent profit	.09
Total cost	1.85

The last calculation shows that the allowance of 5 per cent for profit increases the 35 per cent American valuation duty from 60 to 65 per cent of the foreign valuation.

On this conservative basis let us examine the effects of the Fordney wool duty. In its present form with the proviso limiting the duty on wool to 35 per cent ad valorem, paragraph 1102 of the Fordney bill supplies an unusually good illustration of the effects of specific and ad valorem duties on wool. The accompanying table shows the Fordney rates applied to wools varying in American value from $1.30 to 30 cents per scoured pound; the Fordney rate of 35 per cent on the American value being taken as equal to 60 per cent of the foreign value. As a result of the ad valorem limit, the 25-cent specific duty is in effect on wool valued in the United States at 71⅔ cents or more per pound, the ad valorem duty being in effect on wool valued at 71⅔ cents or less per pound. The 60 per cent ad valorem duty

at London on March 12–17, 1914, the highest price for grease wools was approximately 70 cents, on which the Fordney 25-cent duty would have been equal to 36 per cent ad valorem; the 33-cent duty 47 per cent; and the present 45-cent duty 64 per cent.

Summarizing the result of this application of the three rates to the "scoured-content" values of wool and excluding the small amount valued at less than 14 cents per pound, we have:

Specific rate:	Ad valorem equivalent.
25 cents (Fordney)	[1] 36– 60 per cent
25 cents, without ad valorem limit	36–178 per cent
33 cents (by woolgrowers)	47–234 per cent
45 cents (present law)	64–319 per cent

Duties varying from 36 to 178 per cent of the foreign value, from 47 to 234 per cent, or from 64 to 319 per cent, placed on a material like wool, which is essential, not only to the comfort and health but to the very existence of the people of this country, would be an outrage beyond the power of words to express.

Such a tariff on wool is impossible, not only because of the technical difficulties of administration already explained but because the American people would never submit to such a burden placed on the clothing they wear on their backs.

PROTECTION FOR THE WOOLGROWER.

A specific duty on wool being inadmissible, the woolgrowing industry in the United States can be protected by a tariff that will not work injustice only by basing the rate of duty on the standard by which the value of the wool for manufacturing purposes is measured, namely, the market value of the wool; in other words, by an ad valorem tariff. The price of a pound of wool is automatically determined by all of the factors, shrinkage and quality, on which its intrinsic value for manufacturing purposes depends. A thousand dollars' worth of wool, no matter what its condition, whether unwashed, washed, or scoured, and regardless of the many characteristics that make up what is here called quality, represents at any given time the same intrinsic worth based on the capability of wool to supply the wants of the people. The dollar's worth of wool is the unit, not only by which the injustice of specific duties is judged but on which any fair rate of duty must necessarily be based. Only two objections to an ad valorem duty on wool have been advanced. One is that it would enable importers to defraud the Government by undervaluation. The other is that ad valorem duties decrease as values decline, and consequently give the least protection when protection is most needed.

THE QUESTION OF UNDERVALUATION.

First, as to undervaluation: Wool is a staple article of commerce whose value is well known to a large number of dealers and manufacturers. It can not be materially undervalued without gross neglect or criminal collusion on the part of the customs officers. Suppose, for example, that an ad valorem duty of 50 per cent is placed on wool, and that a lot of wool whose real value is $100,000 and on which the rightful duty is $50,000 passed through the customhouse at $90,000, an undervaluation of 10 per cent, the duty actually collected being $45,000. In this exceptional case the Government loses $5,000 by a fraudulent act which could and should have been prevented by the vigilance of the customs authorities. Now let us turn to the "scoured-content" duty and assume, for the purpose of illustration, that such a duty is practicable (which it is not), that a specific duty of 25 cents per scoured pound is placed on wool, and that two lots of scoured wool are imported, each worth $100,000, one lot consisting of 200,000 pounds of wool, valued at 50 cents a pound, and the other 100,000 pounds, valued at $1 per pound.

The 25-cent "scoured-content" duty on the first lot of wool amounts to $50,000, equal to 50 per cent of the value of the wool, while the 25-cent "scoured-content" duty on the second lot amounts to only $25,000, equal to only 25 per cent of the value of the wool.

Under the ad valorem duty of 50 per cent it is possible only by fraud or gross neglect on the part of the customs authorities for the duty to be reduced as much as $5,000. Under the "scoured-content" duty of 25 cents a pound the

[1] On wools above 42 cents.

tariff law itself legalizes a reduction of $25,000 in the duty on the higher priced wool.

Foreign value.	Weight.	Foreign price per pound.	Specific duty, 25 cents per pound, scoured.	Per cent of value collected.	Ad valorem duty, 50 per cent.
	Pounds.				
$100,000	200,000	$0.50	$50,000	50	$50,000
$100,000	100,000	1.00	25,000	25	50,000

The objection that an ad valorem duty fails to provide protection when values decline and protection is most needed is based on the erroneous assumption that an industry can be detached from the market influences that affect all other industries. Wool manufacturing and wool growing in the United States should be subject to the normal and unavoidable fluctuations of trade. When abnormal conditions exist, Congress can be relied upon to apply emergency remedies, as at present, when, following the greatest war in the history of mankind, commerce and industry are suffering from an abnormal depression of values by reason of the dislocation of supply and demand.

Both objections to an ad valorem tariff on wool, when examined, are thus found to be unsound.

Under the free wool Underwood tariff of 1913 all manufacturers of wool goods have been able to purchase raw material on the same terms, but the woolgrowing industry has been deprived of protection. Under an ad valorem tariff the manufacturers will still remain on equal terms and the woolgrower will receive adequate protection.

The duty on wool in the Fordney tariff, as that bill comes from the House of Representatives, is ad valorem on wool valued at not more than 71⅔ cents per pound. Why? Not because of a long-considered and deliberate intention of its framers to make any part of the wool duty ad valorem, but because of the determination of the House of Representatives to make it fair. The long-considered and deliberate intention was to make the wool tariff specific, based either on the grease weight or the scoured weight, but when it came to the point of reaching a decision the impossibility of framing a fair tariff on wool on a specific basis forced the adoption of the ad valorem principle.

WOOL BY-PRODUCTS.

In addition to wool, the raw materials of the woolen and worsted industry consist of reclaimed wool and by-products of the wool-manufacturing process, the most important of the latter being noils and yarn or thread waste. We give here a list of 18 samples of by-products, with the prices at which they were offered for sale in Boston on August 2, 1921, and the Fordney specific duty with its ad valorem equivalent:

Name.	Price.	Fordney tariff.	Ad valorem equivalent.	Name.	Price.	Fordney tariff.	Ad valorem equivalent.
	Cents per pound.	*Cents per pound.*	*Per cent.*		*Cents per pound.*	*Cents per pound.*	*Per cent.*
1c. ¼ noils	27	16	59	1f. Colored worsted garnetted	20	20	100
2c. ½ noils	35	16	45	4f. Coarse garnetted	25	20	80
3c. ¾ noils	44	16	36	2f. Colored worsted garnetted	30	20	67
5c. Fine foreign noils	45	16	35½	7c. ¼ garnetted worsted	33	20	61
4c. Fine domestic	50	16	32	8c. ½ garnetted worsted	40	20	50
6c. Fine noil wool	52	16	31	9c. ¾ garnetted worsted	48	20	41½
13c. Worsted thread waste	16	14	87½	10c. Fine garnetted worsted	56	20	36
11f. Colored worsted threads	16	14	87½	3f. Fine garnetted worsted	60	20	33⅓
18c. Colored worsted threads	17	14	82				
12f. White worsted thread	35	14	40				

This list includes six samples of noils which are the short fibers carrying shives and vegetable matter, removed from wool by combing during the worsted process. The Fordney bill places a duty of 16 cents on all of these noils which vary in value from 27 to 50 cents a pound, the result being a variation of the ad valorem equivalents of the Fordney duties from 31 per cent to 59 per cent.

Thread waste consists of a tangled mass of short pieces of spun yarn which must be first torn or garnetted into loose fibers before being again carded and spun into yarn. The four lots of this stock in our list vary in price from 16 cents to 35 cents a pound, and as a result the Fordney specific duty of 14 cents a pound varies from 40 per cent to 87½ per cent ad valorem. In this list are eight lots of the same stock after it has been garnetted, the prices ranging from 20 cents to 56 cents a pound, with the ad valorem equivalents of the Fordney 20-cent specific rate varying from 36 to 100 per cent ad valorem.

These 18 lots of by-products supply another illustration of the inherent injustice of a specific duty on a product varying widely in value. Under the Fordney bill the duty on wool is made practically uniform at 35 per cent ad valorem, and under the same bill the specific duties on by-products from this wool varying from 31 to 100 per cent ad valorem, the highest ad valorem equivalent always being found on the lowest priced material. There can be no justification for such inequalities, by which the manufacturer who pays a duty of 35 per cent on wool, is able to sell the waste products from the same wool at prices advanced and sustained by a duty reaching as high as 100 per cent ad valorem. The duty on wool by-products should be ad valorem, and the rate the same as that placed on wool.

RECLAIMED WOOL.

Another important class of raw materials consists of reclaimed wool, on which the Fordney bill places specific duties, the inevitable result being the wide swinging ad valorem equivalents with the heavy burden always on the low-priced materials. Below is a table showing the effect of the Fordney rates on a few grades of reclaimed wool as quoted in a recent market report:

Woolen rags.	Price, 100 pounds.	Fordney.		Woolen rags.	Price, 100 pounds.	Fordney.	
		Duty, 100 pounds.	Ad valorem equivalent.			Duty, 100 pounds.	Ad valorem equivalent.
			Per ct.				*Per ct.*
Rough cloth	$1.50	$6.00	400	Black worsted clips	$27.00	$6.00	22
Mixed softs	4.50	6.00	133	Reclaimed wool			
Dark worsteds	5.00	6.00	120	Dark cloth	12.00	14.00	117
Blue serges	6.50	6.00	92	Light cloth	18.00	14.00	77
Black serges	8.50	6.00	71	Black serges	25.00	14.00	56
Grey underwear	15.50	6.00	39	Light hoods	30.00	14.00	47
Blue worsted clips	17.00	6.00	37	White softs	36.00	14.00	39
Black serge clips	21.00	6.00	29				

The only remedy for these inequalities is to place the same ad valorem duty on reclaimed wool as is placed on new wool and wool by-products.

TARIFF ON TOPS, YARN, AND CLOTH.

The rates on partly manufactured products, tops, yarns, and on the finished goods should accomplish two objects:

(1) Provide for a compensatory duty that shall be as nearly as possible equal to the duty on the raw material used in making the manufactured product, in order that so far as raw material is concerned, the American manufacturer may be on an equality with his foreign competitor, who uses wool free of duty.

(2) Protect the manufacture of wool goods in the United States against the lower cost of manufacturing abroad.

ACCURATE COMPENSATORY DUTY IMPOSSIBLE ON SPECIFIC BASIS.

A duty on wool makes it necessary to place a duty on manufactures of wool equal to the duty on the wool from which the goods are made, in order that the American wool manufacturer may be placed on an equality with his foreign competitor in the purchase of his raw material. To place a duty on wool without balancing it with an equal compensatory duty on goods would give the foreign manufacturer an advantage that would enable him to drive the American manufacturer out of business, at the same time depriving the American wool grower of protection by allowing foreign wool to be imported free of duty in the form of manufactured goods.

Wool and by-products vary so widely in condition and value, and partly and wholly finished wool goods differ so widely in construction, that it is impossible to adjust a compensatory duty on cloth so as to be even approximately equal to a specific duty on wool and by-products. This fact is so evident as hardly to need a demonstration. For years a compensatory duty to balance an 11-cent specific duty on wool was based on the theory that it required four pounds of wool to make a pound of cloth. This theory was in conflict with the multiplication table. No wool was imported of which more than approximately three pounds was used to make a pound of all new wool cloth, while two pounds of a large part of the imported wool made a pound of new wool cloth. Furthermore, as the compensatory duty was applied to goods made in part of wool, instead of using four pounds or even two pounds to make a pound of cloth, only a small fraction of a pound of wool was required to make a pound of many of the fabrics composed largely of cotton.

If the Committee on Finance desires proof of the impossibility of adjusting a compensatory duty to balance a specific duty on grease wool, any woolen manufacturer can easily supply it by a statement of the number of pounds of grease wool required to make 1,000 pounds of each of the various fabrics in process of manufacture in his mill.

The following tabulation taken from manufacturing records, which could be extended indefinitely, shows the number of pounds of grease wool required for 1,000 pounds of each of five wool fabrics. The first fabric, on which the compensatory and wool duties are equal, was made of heavy-shrinking wool. Of the other four fabrics, on which the compensatory duty is in excess of the wool duty, two were made of light-shrinking wools and two of mixtures of wool and cotton.

Cloth weighing 1,000 pounds.	Compensatory, 44 cents per pound.	Grease wool consumed.	Wool duty, 11 cents per pound.
		Pounds.	
Woolen cassimere	$440	3,956	$435.16
E. 11 cents worsted serge	440	2,311	254.21
A25 worsted serge	440	1,908	209.88
A96 cotton warp dress goods	440	1,079	118.69
A22 cotton worsted	440	357	39.27

An illustration of the failure of a compensatory duty to balance a specific duty on grease wool is supplied by the Fordney compensatory duties. The theory on which the Fordney compound duties on cloth are based is that the specific rates are the compensatory duty, while the ad valorem rates provide the protection for the manufacturer. The compensatory specifics begin with 20 cents on cloth valued at not more than 75 cents and are raised by three steps to 36 cents on cloth valued at more than $2.50 per pound. These steps are an expedient for giving a specific duty the merit of the ad valorem system, the specific tariff rate being increased at intervals as the value rises. Assuming for the purpose of illustration that the cost of wool cloth on a free-wool basis is made up of 50 per cent for wool and 50 per cent for conversion, and that the Fordney wool duty of 35 per cent ad valorem on American valuation (60 per cent on the foreign value) of the wool, the Fordney compensatory duties on

cloths and on the wool in the cloths show the following comparison in cents per pound of cloth:

Comparison of Fordney compensatory duties on cloth with the compensatory duties required on foreign cloth.

Value of cloth.	Duty on wool in the cloth.	Fordney compensatory.	Value of cloth.	Duty on wool in the cloth.	Fordney compensatory.	Value of cloth.	Duty on wool in the cloth.	Fordney compensatory.
30	9	20	90	27	25	160	36	30
40	12	20	100	30	25	170	36	36
50	15	20	110	33	25	180	36	36
60	18	20	120	36	25	190	36	36
70	21	20	130	36	30	200	36	36
75	22.5	20	140	36	30			
80	24	25	150	36	30			

Notwithstanding the three steps from 20 to 36 cents per pound, the Fordney compensatory duty varies from 122 per cent in excess of the amount required to 17 per cent less than is required.

COMPENSATORY DUTIES ON "SCOURED-CONTENT" BASIS.

If a specific duty on the "scoured content" of wool were practicable, a specific compensatory duty on cloth to balance it could be adjusted with a fair degree of accuracy. The only variable factor would be the shrinkage in converting scoured wool into partly or wholly manufactured goods. This would involve certain variations between the wool duty and the compensatory duty, but they would be comparatively slight, as they are in adjusting a specific compensatory duty on cotton goods to a specific duty on raw cotton.

A "scoured content" duty on wool, however, is not only impracticable, but is intolerable, because of the extreme variation in the ad valorem equivalents on different kinds of wool. For these reasons a compensatory duty to balance a "scoured-content" wool duty calls for no consideration.

AD VALOREM THE ONLY ACCURATE BASIS FOR A COMPENSATORY DUTY.

Specific duties on wool, whether on the grease weight or "scoured content," being out of the question, there remains the question of adjusting a compensatory duty to balance an ad valorem duty on wool. This adjustment can be made with a high degree of precision, the only variable factor being the relative proportion between the cost of raw material and the cost of conversion in the value of the manufactured goods.

If this proportion were constant the adjustment of the compensatory duty could be made with absolute precision. If, for example, the value of the foreign goods consisted of 50 per cent for wool and 50 per cent for conversion, an ad valorem duty of 60 per cent on wool, as provided by the Fordney bill, would be balanced exactly by (0.60×0.50) 30 per cent ad valorem on cloth. The raw material cost, however, varies to a certain extent with the construction of different fabrics. If the cost of a cloth consists of 60 per cent for wool and 40 per cent for conversion, an ad valorem duty of 60 per cent on wool would be equal to an ad valorem compensatory duty of (0.60×0.60) 36 per cent on goods, so that a 30 per cent ad valorem compensatory duty which would balance the wool duty exactly in the first case would be 6 per cent below the required compensatory in the second case.

Even this variation is very slight when compared with the wide variations that are unavoidable with specific duties. But in practice the actual variation of the ad valorem compensatory is reduced to a negligible amount by the fact that a protective rate is also placed on cloth to balance the increase in the American conversion cost above the foreign cost of conversion. As a result the variation of an ad valorem compensatory duty from the required amount is determined, not by the variation in the relative proportion of cost of wool in the cost of goods, but by a small fraction of the difference between the ad valorem rate on wool and the percentage of increase in the American con-

version cost above the foreign conversion cost, this fraction being the difference between the assumed proportion of the cost of wool in the goods and the actual cost. To make this clearer we will assume that the ad valorem compensatory duty is based on a 60 per cent duty on wool, the assumed cost proportions of 50 per cent for wool and 50 per cent for conversion, and on an American conversion cost 100 per cent higher than the foreign conversion cost. We will also assume that we have three fabrics, with the relative cost of wool and conversion as follows: (1) 50 per cent wool, 50 per cent conversion. (2) 60 per cent wool, 40 per cent conversion. (3) 40 per cent wool, 60 per cent conversion. The rates required on these three cloths would be as follows:

	Compensatory.	Protective.	Total rate on cloth.
			Per cent.
No. 1	(0.50×0.60) 30 per cent	(0.50×1.00) 50 per cent	80
No. 2	(0.60×0.60) 36 per cent	(0.40×1.00) 40 per cent	76
No. 3	(0.40×0.60) 24 per cent	(0.60×1.00) 60 per cent	84

This comparison shows that while the compensatory rate required varies 16 per cent from 30 to 24 per cent and the protective rate required varies 10 per cent from 50 to 60 per cent, these variations partially offset each other, so that the resulting variation in the total ad valorem rates required on the three cloths is only 8 per cent, the extremes, 76 per cent and 84 per cent, varying only 4 per cent from the rate based on the 50–50 proportions of the cost of No. 1 fabric on which the compensatory and protective duties are based. This variation of 4 per cent for all practical purposes is negligible. As the three fabrics represent approximately the extreme variations encountered in practice, the above comparison proves conclusively that ad valorem duties on wool and cloth enable both compensatory and protective rates to be adjusted with a very high degree of precision to the rates actually required on all wool fabrics of different constructions.

COMPENSATORY DUTIES ON MIXED GOODS.

There remains the problem of adjusting the compensatory duty on fabrics composed of mixtures of wool and of other fibers. The concealed protection that necessarily results from trating these mixed fabrices as all wool is not only objectionable in itself, but has done much to bring the cause of protection into disrepute. We suggest that, in order to overcome this difficulty, the compensatory rate on goods be adjusted to the proportion of wool found in each imported fabric. As it is impossible to determine for tariff purposes the value of the wool in a fabric, we suggest that the adjustment be based on the proportion of wool by weight in the goods.

If this plan is adopted the reduction of the ad valorem compensatory rate on mixed goods should be so graduated as to take into account the reduction in the value of mixed goods, due to the lower cost of the fibers mixed with wool.

PROTECTIVE DUTIES ON WOOL GOODS.

The inherent defects of a specific duty, extreme fluctuation in the ad valorem equivalents with the heaviest burden always on the lowest priced materials, are as serious in the case of wool manufactures as when applied to wool. The Fordney bill attempts to mitigate these defects in three ways: By combining an ad valorem rate with the specific, by increasing the specific rate at certain points as the value increases, and by increasing the ad valorem rates at the same points. In spite of these makeshifts, the Fordney rates on cloth still show great irregularities, low-priced goods bearing the heaviest duties, while the lower duties on the medium and high priced goods fall short of providing the necessary protection for the American industry. Furthermore, the sudden increases in the rates are most objectionable. For example, cloth, valued in the United States at $1.25 per pound, pays a duty of 25 cents a pound and 21 per cent ad valorem, equal to 41 per cent ad valorem. If valued at $1.26 per pound or 1 cent a pound more, it pays a duty of 30 cents a pound and 24 per cent ad valorem equal to 48 per cent ad valorem.

ADJUSTING THE PROTECTIVE DUTY.

An ad valorem duty is the only permissible form for the protective rate on goods and it can be adjusted in the way already explained for the adjustment of the compensatory duty. The illustration then used shows also the adjustment of the ad valorem protective rate, so that no additional explanation is required.

This arrangement of ad valorem duties, which has been explained for wool and cloth, is applicable as well to tops and yarn, the principles being the same, and the only modification being that due to the greater proportion of the cost of tops or yarn represented by the cost of the wool.

Protective duties on partly and wholly manufactured wool goods should be in proportion to the American conversion cost. As the process of manufacture advances, the products should be protected by duties that increase progressively with the increase in the cost of manufacturing the different products, tops, roving, yarn, and finished goods. In this way protection will be provided, while discrimination and special privilege will be avoided between the different sections of wool manufacturing, of which the finished product of one constitutes the raw material of another. This principle of protective tariff adjustment is based on the reasonable assumption that the foreign conversion costs at the successive stages of manufacturing bear a constant ratio to the corresponding American conversion costs.

NECESSARY INFORMATION AS TO COSTS.

To apply this principle of tariff adjustment it is necessary to have the facts regarding domestic costs of production at the different stages of the woolen and worsted industry. In securing this information the Government should respect the right of the individual manufacturer to refuse consent to the publication of statements of mill costs, which are rightly the most jealously guarded information relating to manufacturing operations. The facts must come from every branch of the industry, carded woolen and worsted, with the subdivisions, tops, yarn, and fabric manufacture. They must also come from mills comprising a large enough proportion of each industrial branch to make the information representative of the entire industry. Your committee can easily obtain this information by requiring every wool manufacturer to reply to a questionnaire that calls only for the essentials, no part of the data being made public in such a form as to enable it to be connected with any mill.

This plan does not contemplate any investigation of foreign costs or any attempt to determine the difference between production cost in this country and abroad. Its only object is to obtain in a simplified form authentic information regarding the raw material and conversion costs of partly and wholly manufactured wool goods. This may appear to you to be too great a task to be completed in time for the pending revision. If nonessentials are eliminated by framing the questionnaire so that each manufacturer will know exactly what you require, we believe that the inquiry will save time instead of delaying the work of making the protective tariff what it should be.

THE AD VALOREM RATE ON WOOL.

The Carded Woolen Manufacturers Association has no recommendation to make as to the particular rate of duty to be placed on wool. Any ad valorem duty on wool that is satisfactory to the woolgrowers, to Congress, and to the American people will be satisfactory to us. We have explained the method of adjusting both compensatory and protective duties on an ad valorem basis with a high degree of precision. We have urged that the compensatory duty on mixed goods be reduced to conform to the amount required. We have used our best judgment in suggesting a protective rate on cloth that would mark the line of safety in these extraordinary times without proving excessive. It remains for Congress to decide upon the ad valorem protective duty on wool and adjust the compensatory rate to conform to it in order to complete a system of duties on wool and wool goods which will be adequately protective and fair to all producers and consumers.

While we are not making any recommendation as to the particular rate to be placed on wool. we suggest that 50 per cent ad valorem, foreign valuation, would provide adequate protection to the woolgrowing industry without imposing any serious burden on the consumers or the manufacturing industry.

FIXING THE RATES ON GOODS.

The rates on wool and wool goods that have been mentioned have been used to illustrate methods and principles. We come now to the question of what rate of duty should be placed on wool goods. The compensatory rate required is more easily determined than is the rate required for protecting the American manufacturer who converts the raw material into goods. The increase in the cost of imported wool is indicated exactly by the ad valorem rate on wool. The particular rate required for protection, on the other hand, depends on a number of widely fluctuating factors, some of which it is impossible to determine at any given time. Among these are normally the lower cost of labor, mill construction, and all the items that make up the foreign conversion cost. Added to this is the dumping of foreign goods at cut prices on the American market, which is common even under what may be called normal conditions. At the present time there are added to the above influences a number of extraordinary factors resulting from the World War, all combining to threaten every branch of the American industry, woolgrowing as well as wool manufacturing, with a foreign competition that has never before been approached in intensity.

The wool-manufacturing countries of Europe are in an impoverished condition; some of them believed to be bankrupt. They owe the United States approximately $16,000,000,000, on which the annual interest charge is, say, $800,000,000, and are also under the necessity of making huge purchases of raw materials and foodstuffs. Although unable to pay their debts in cash they possess manufacturing industries of immense capacity, particularly in the production of textiles. These manufactured products provide the only means by which European countries can purchase needed raw materials, pay the interest on the debts, and reduce the principal due the United States. They must pay in goods or not at all. Thus it is as certain as anything in trade can be that for an indefinite period the woolen and worsted mills of the United States will be exposed to foreign competition on a scale never before experienced by any country in the history of the world.

These are the extraordinary conditions which determine the foreign competition against which the tariff that is now being framed must protect the American woolen and worsted industry, if that industry is not to be ruined. We reject as unworthy of serious consideration the proposal urged by the international banking interests that Europe's huge debt to the United States should be paid by the exportation of European goods to this country. The physical, moral, and intellectual well-being of a people depends upon their being steadily employed in occupations suited to their varied talents. Let them be thrown into idleness, even though foreign countries are shipping manufactured goods in vast quantities in payment of war and bankers' debts, and widespread ruin, with danger of the subversion of the Government, will be the result. These are the reasons why we reject the plan to allow Europe to pay her debts to us with manufactured goods. Far better for the United States that the European debt should be canceled, than that our industrial fabric should be ruined. The protection of the American manufacturing industry is the first essential, and we ask you to place a protective duty on wool goods by which that object will be attained.

Taking into consideration the normal necessity for protection and the extraordinary conditions of which the depreciation of foreign exchange is the visible sign, we ask that, in addition to the compensatory duty on goods required to balance the duty on wool, a protective rate of 50 per cent of the foreign value, or its equivalent, be placed on wool cloths. This rate is based on a foreign conversion cost equal to 50 per cent of the total cost of the cloth and also equal to one-half of the conversion cost in American mills. In view of the abnormal industrial conditions throughout the world and the foreign competition experienced by American wool manufacturers under the Wilson bill with 40 per cent and 50 per cent ad valorem on wool cloths, we believe that this protective rate of 50 per cent ad valorem based on the foreign value is the minimum of safety, and that any reduction below that rate will result in foreign competition ruinous to the American industry.

Starting with our suggested rate of 50 per cent ad valorem, foreign valuation on wool, with a cost basis of 50 per cent for wool and 50 per cent for conversion, the duty on cloth, including both the compensatory and protective rates, is 75 per cent ad valorem.

On the cost basis of 70 per cent for wool and 30 per cent for conversion, the duty on yarn, including both the compensatory and protective rates, calculated as already explained, is 65 per cent.

Thus starting with 50 per cent ad valorem on wool, the ad valorem rate on yarn is 65 per cent, and that on cloth 75 per cent.

AN APPEAL FOR JUSTICE.

In the framing of any tariff the first consideration is that it shall be fair to all producers and consumers. This principle of justic to all under the law should be not only the foundation but the framework and the capstone of every structure. This may sound like a platitude, but the principle of fair play has suffered such rude violation in former tariffs on wool and wool goods that it is well to recall its importance when framing the wool schedule in 1921.

It is unnecessary to dwell upon the importance of wool manufacturing in providing clothing for the people, but in this connection it should not be forgotten that wool goods, and consequently wool, are essentials in the defense of the Nation in time of war. Only three years ago the United States was at war, and the shortage of the domestic supply of wool, combined with the interruption of ocean transportation, threatened to impair the power of our armies and navies to such an extent as to result in defeat and national humiliation. This experience and the importance of the wool industry in time of peace bring home to everyone the realization of the vital necessity of possessing a self-contained industry in the United States for producing wool and wool goods. To accomplish this result the protective measures adopted must extend to every part of the industry from the growing of wool to the manufacture of garments ready for the wearer.

We look to you, the representatives of all the people, to see that this result—an adequately protective tariff based on justice to all—shall be accomplished without unnecessary delay. A failure to enact such a tariff now will be a calamity, not only because of the effect of such inequalities as may be incorporated in the new tariff but to a far greater extent through the disturbance and resulting uncertainty that will accompany the agitation to obtain justice under the law, for such a question as this is never settled until it is settled right.

AN ANALYSIS OF THE PAYNE-ALDRICH SCHEDULE K.

BOSTON, MASS., *August 12, 1910.*

To the TARIFF BOARD,
Washington, D. C.

SIRS: I have the honor to submit this my report in response to your request as per the following memorandum:

The Tariff Board desires from Mr. Dale—

First. A general statement in regard to the woolen schedule of the present tariff law and where are its defects and the spots where changes should be made.

Second. An outline of methods of investigation to be adopted in studying costs of production in this and foreign countries in each branch of the woolen industry, which should include: 1. Raw wools. 2. Yarns. 3. Wastes, shoddy, tops, etc., as covered by paragraphs 372 to 375, inclusive. 4. Cloth: (*a*) Worsted; (*b*) carded wool. 5. Carpets and rugs.

Third. The names of persons whose ability and experience have qualified them to do the proper work in investigating the woolen schedule.

THE WOOL AND WOOL GOODS SCHEDULE.

As regards its general plan Schedule K of the present tariff law is the same as in the tariff law of 1867. There have been changes in details from time to time, but these changes have been without effect on the plan and objects of the law, which may be outlined as follows:

THE CLASSIFICATION OF WOOL.

Raw wools as they come from the sheep, camel, goat, and like animals, are divided into three classes:

Class 1. Wool of Merino blood, immediate or remote, to which have been added certain other wools, such as Bagdad, China lamb's wool, etc., as described in paragraph 361.

Class 2. English and Canadian long-combing wools, and similar wools, mohair, alpaca, and camel hair, as described in paragraph 362.
Class 3. Carpet wools, as described in paragraph 363.

THE TARIFF ON WOOL AND BY-PRODUCTS.

The rates of duty on the various wools under the present law are as follows:
Class 1. (*a*) Unwashed, that is, not washed on the sheep's back, 11 cents a pound. (*b*) Washed on the sheep's back, 22 cents a pound. (*c*) Sorted, 22 cents a pound. Wools may, however, be skirted without increase of duty above 11 cents. (*d*) Scoured, 33 cents a pound.
Class 2. (*a*) Unwashed or washed, 12 cents a pound. (*b*) Sorted, 24 cents a pound. (*c*) Scoured, 36 cents a pound.
Class 3. (*a*) Valued at 12 cents or less, 4 cents a pound. (*b*) Valued at more than 12 cents, 7 cents a pound. (*c*) If containing not more than 8 per cent of grease or foreign substances, the above rates (*a* and *b*) are increased to threefold, that is, 12 cents and 21 cents, respectively.
The rates of duty on wool by-products and reclaimed wool (shoddy) under the present law are as follow: (*a*) Top waste, slubbing waste, roving waste, ring waste, and garnetted waste, 30 cents a pound. (*b*) Reclaimed wool (shoddy), 25 cents a pound. (*c*) Noils, 20 cents a pound. (*d*) Yarn waste, 20 cents a pound. (*e*) Rags, mungo, and flocks, 10 cents a pound.

THE TARIFF ON MANUFACTURES OF WOOL.

The foregoing list covers, with a few unimportant exceptions, the raw materials for wool manufacture as classified in Schedule K of the present law. We now come to partly and fully manufactured products consisting wholly or in part of wool.
Partly manufactured material: (*a*) Tops, which are wool combed for manufacture into worsted yarn; valued at not more than 20 cents, 24¾ cents a pound and 30 per cent ad valorem; valued at more than 20 cents, 36¾ cents a pound and 30 per cent ad valorem. (*b*) Roving, which is worsted ready for the spinning process (paragraph 376): Valued at not more than 40 cents, 33 cents a pound and 50 per cent ad valorem; valued above 40 cents and not above 70 cents, 44 cents a pound and 50 per cent ad valorem; valued above 70 cents, 44 cents a pound and 55 per cent ad valorem. (*c*) Yarns: Valued at not more than 30 cents, 27½ cents a pound and 35 per cent ad valorem; valued above 30 cents, 38½ cents a pound and 40 per cent ad valorem.
Finished goods: (*a*) Cloths, knit fabrics and all manufactures not specially provided for, valued at not more than 40 cents, 33 cents a pound and 50 per cent ad valorem; valued above 40 cents and not above 70 cents, 44 cents a pound and 50 per cent ad valorem; valued above 70 cents, 44 cents a pound and 55 per cent ad valorem.
(*b*) Blankets: Valued at not more than 40 cents, 22 cents a pound and 30 per cent ad valorem; valued at more than 40 cents and not more than 50 cents, 33 cents a pound and 35 per cent ad valorem; valued above 50 cents, 33 cents a pound and 40 per cent ad valorem.
(*c*) Flannels: Valued at not more than 40 cents, 22 cents a pound and 30 per cent ad valorem; valued at more than 40 cents and not more than 50 cents, 33 cents a pound and 33 per cent ad valorem; valued at more than 50 cents, the same as dress goods.
(*d*) Women's and children's dress goods made with a cotton warp: Valued at not more than 70 cents a pound and not more than 15 cents a square yard, 7 cents a square yard and 50 per cent ad valorem; valued at more than 70 cents a pound and more than 15 cents a square yard, 8 cents a square yard and 50 per cent ad valorem; valued at not more than 70 cents a pound and not more than 15 cents a square yard, 7 cents a square yard and 55 per cent ad valorem; valued at more than 70 cents a pound and more than 15 cents a square yard, 8 cents per square yard and 55 per cent ad valorem; weighing over 4 ounces per square yard, 5 per cent ad valorem less than the rates on cloths.
(*e*) Women's and children's dress goods made wholly or in part of wool and not specially provided for: Valued at not more than 70 cents a pound, 11 cents per square yard and 50 per cent ad valorem; valued at more than 70 cents per pound, 11 cents per square yard and 55 per cent ad valorem; weighing over 4 ounces per square yard, the same as on cloths.

(*f*) Clothing, knitted articles, and felts not woven: Forty-four cents a pound and 60 per cent ad valorem.

(*g*) Narrow fabrics and lace (paragraph 383), 50 cents a pound and 60 per cent ad valorem.

(*h*) Axminster and Wilton carpets (paragraphs 384 and 385), 60 cents per square yard and 40 per cent ad valorem.

(*i*) Brussels carpets (paragraph 386), 44 cents per square yard and 40 per cent ad valorem.

(*j*) Velvet carpets (paragraph 387), 40 cents per square yard and 40 per cent ad valorem.

(*k*) Tapestry Brussels carpets (paragraph 388), 28 cents per square yard and 40 per cent ad valorem.

(*l*) Treble ingrain carpets (paragraph 389), 22 cents per square yard and 40 per cent ad valorem.

(*m*) Two-ply ingrain carpets (paragraph 390), 18 cents per square yard and 40 per cent ad valorem.

(*n*) Rugs (paragraph 391), 10 cents per square foot and 40 per cent ad valorem.

(*o*) Bockings (paragraph 392), 22 cents per square yard and 40 per cent ad valorem.

(*p*) Carpets, mattings, and rugs of wool not specially provided for (paragraph 393), 50 per cent ad valorem.

PLAN OF SCHEDULE K.

In the foregoing outline of Schedule K the rates, instead of being given in the complicated phraseology of the law, have been reduced to definite terms for the sake of clearness. A brief examination of the plan on which the present wool and wool-goods tariff has been framed will, however, aid us in the study of the schedule.

COMBING AND CLOTHING WOOLS.

When Schedule K was framed wools for clothing were divided into class 1 and class 2 in order to separate the clothing wool for carded woolen goods (class 1) from the combing wools for worsted goods (class 2). The development of the wool-manufacturing industry has deprived this classification of its original significance.

Whereas in 1867 practically all wools suited for American worsted mills were included under classes 2 and 3, while class 1 wools were used almost entirely for carded woolen goods; now class 1 wools, as well as class 2 wools, are used for worsted.

While wools of rather short staple can be, and are, combed, principally by what is known as the French system, the broad distinction between combing wools for worsted goods and clothing wools for carded woolen goods is in the length of the staple, the longer wool being specially adapted for worsted, and the shorter wool for carded woolen goods. Moreover, it is only by the carded woolen process that large quantities of wool material, such as very short wool and by-products from wool manufacturing can be manufactured into wool goods.

When Schedule K was first framed, in 1867, combing wools of class 2 had been coming in free of duty from Canada in a washed condition—that is, washed on the sheep's backs, a process which removed more or less of the grease and dirt from the wool and reduced by that amount the shrinkage in the subsequent manufacturing process of scouring. As the custom of washing the sheep before shearing was so firmly established in Canada and in Great Britain in 1867 that it could not be changed, it was decided that worsted wools—that is, class 2 wools, should be exempted from the provision by which the duty on washed wools was made double the duty on unwashed wools, and should be admitted at a single rate of duty. The rate on class 2 wools, washed and unwashed, was fixed at 12 cents, and that on class 1 wools at 11 cents if unwashed, and 22 cents if washed.

Thus it is that the development of the wool-manufacturing industry, while leaving these classifications unchanged for 43 years, has brought about the present situation under which a part of the wool suited for worsted is admitted in the washed condition at 12 cents a pound, while the duty on other washed wools is doubled.

THE TARIFF ON CARPET WOOLS.

Carpet wools were placed under a separate classification, class 3, at a lower duty on the theory that they competed less with American-grown wools than did wools of classes 1 and 2.

Wools vary so widely in quality and the requirements of carded woolens, worsteds, and carpets are so diverse that no classification by processes of manufacturing can be exact. A small quantity of class 2 wool is used in the manufacture of carded woolen goods, while more or less carpet wool, class 3, is used for worsteds and carded woolens.

The specific duties on by-products and reclaimed wool (shoddy) are arbitrary, having no regular relation to the value of the materials nor to each other.

COMPENSATORY DUTIES.

The tariff on partly or wholly manufactured wool materials consists of a compound duty; that is, a specific and an ad valorem rate. The specific duty is ostensibly imposed for the purpose of compensating the domestic manufacturer for the increase in the cost of goods resulting from the tariff on the raw material. For example, if the American manufacturer makes a fabric in which the wool costs 70 cents a yard, of which 20 cents is due to the tariff, while the foreign manufacturer is able to obtain the wool for the same cloth at a cost of 50 cents a yard because he is not required to pay any duty on his raw material, it is evident that a duty of 20 cents a yard would place the American and foreign manufacturers on the same competitive basis in the American market as if there were no tariff on either wool or goods.

This compensatory duty in our tariff law is based on the assumption that a definite weight of unwashed (grease) wool is required to produce one pound of partly or fully manufactured materials, this compensatory ratio varying with the different stages of manufacturing, and with the value of the material at each stage.

Tops are a product of one of the preliminary processes of worsted spinning, and it is assumed that 2¼ pounds of unwashed wool is required to produce 1 pound of tops valued at not over 20 cents a pound; and that 3⅓ pounds of wool (unwashed) is required to produce 1 pound of tops valued at more than 20 cents. Accordingly the specific or compensatory rate per pound on the former is fixed at 2¼ times the duty (11 cents) on a pound of unwashed wool, or 24¾ cents; while the specific duty on the latter is fixed at 36⅔ cents, which is 3⅓ times the duty (11 cents) on a pound of unwashed wool.

This method of fixing the specific rate is used with different ratios for yarn and cloth. The ratios for yarn are 2½ and 3½, according to the value; for cloth, 3 and 4, according to the value; for blankets, 2 and 3; for flannels, 2, 3, and 4. Owing, however, to the greater volume of the trade in cloths valued at more than 40 cents a pound, the ratio of 4 to 1, with the resulting compensatory duty on cloth of 44 cents a pound, is the one with which the public is most familiar.

The compensatory duty on clothing is derived from the duties on cloths. As the weight of clothing is made up not only of wool cloth but largely of other materials, the compensatory duty is without question entirely arbitrary, having no definite relation to the ratio between the weight of unwashed wool and the weight of the wool garment.

Felts not woven and knitted garments bear the same compensatory duty as clothing.

In framing the compensatory tariff on dress goods, carpets, and rugs the rates are based on the area of the fabric. As these goods vary widely in weight per square yard, the compensatory rates are necessarily without definite relation to the amount of duty on the wool required for their manufacture.

The compensatory and ad valorem duties on partly manufactured products not specially provided for are, by the blanket paragraph 376, made the same as the duties on wholly manufactured goods under paragraph 378. The only important commercial product coming under this blanket provision is roving, which is worsted ready for the spinning process.

PROTECTIVE RATES.

The ad valorem duties on partly and wholly manufactured wool goods have for their professed object the protection of the domestic manufacturer against foreign competition.

DEFECTS OF SCHEDULE K.

Having made a general survey of the wool and wool-goods schedule, I will now consider its defects.

SPECIFIC DUTIES ON WOOL.

The first defect to claim attention is the placing of specific duties on wool carrying large quantities of grease and dirt and varying widely in utility even after the grease and dirt are removed by scouring. The grease and dirt adhering to wool are of no value in the production of cloth and ordinarily are run to waste. In the few cases where the wool grease is reclaimed the gain is negligible as far as this tariff investigation is concerned.

The shrinkage of grease wools subject to the 11 and 12 cent duties varies as much as from 10 to 80 per cent, and the heavy shrinking wool when scoured may be of a short staple and defective quality, while the light shrinking wool when scoured may be of a high grade and value. It is evident that under such conditions a straight specific duty will result unavoidably in extreme variations. These variations are disclosed by applying the specific duty to wool as it is sold in the principal wool markets of the world and reducing such duties to their ad valorem equivalents. The ad valorem equivalents in such a test are an accurate indication of the variation of the duty, because of the price of wool being determined by the shrinkage of the grease wool and by the utility of the scoured fiber. Early in 1909 I applied the Dingley specific duties (which were the same as the Payne rates) to the different lots in about 60,000,000 pounds of wool sold at the London auctions in January and February of that year. The unwashed wool on which the duty was 11 cents a pound varied in price from 2 cents to 47 cents a pound, and as a result the ad valorem equivalent of the specific duty varied from 23 per cent to 550 per cent. This illustrates a fundamental defect in the wool and wool-goods schedule.

WASHED WOOL.

Moreover, this specific duty, which is fundamentally defective, is made even more objectionable by certain irregularities in its application.

If wool of class 1 has been washed on the sheep's back, the specific duty is doubled. I have found no reliable data bearing on the loss of weight by washing sheep. One grower estimated it at 15 per cent. This loss could be determined only by weighing the sheep before washing, after washing and drying, and again before shearing. It is safe to conclude, however, that the loss is not far from 15 per cent, which would warrant raising the duty from 11 cents to 13 cents. The present tariff law, however, increases the duty to 22 cents, making it prohibitory for all practical purposes.

The application of the Dingley specific duties to 60,000,000 pounds of wool, already mentioned, showed that on washed wool the ad valorem equivalents varied from 22 per cent to 733 per cent. It is doubtful if any wool is imported on which the duty is more than 75 per cent.

SORTED WOOL.

If wool has been sorted or increased in value by the rejection of any part of the original fleece, the specific duty is doubled. Assuming that this clause means that the rejections are not subject to the double duty, I will illustrate its effect by applying the rates before and after sorting to a lot (E 231) of 10,618 pounds of Australian wool sorted under my supervision:

Unsorted:		
10,618 pounds, at $0.2144		$2,276.50
Duty (11 cents), 51.3 per cent ad valorem		1,167.98
Duty paid		3,444.48
Sorted:		
10,618 pounds, at $0.2144		2,276.50
Cost of sorting		67.96
		2,344.46
Duty:		
10,311 pounds body sort, at $0.22	$2,268.42	
307 pounds rejections, at $0.11	33.77	
Total duty, 98.2 per cent ad valorem		2,302.19
Duty paid		4,646.65

Thus, by sorting this lot of wool at a cost of $67.96, the duty was increased by $1,134.21—that is, from $1,167.98 to $2,302.19, or from 51.3 per cent to 98.2 per cent ad valorem. In other words, this lot of wool, if imported unsorted, would cost $3,444.48, duty paid. If sorted, at the trifling cost of $67.96, it would cost $4,646.48, duty paid.

Such increases raise the cost of wool to prohibitory figures and make the duty an impassible barrier to the importation of foreign wool, with a greatly strengthened inducement to evasion of the law.

THE SKIRTING CLAUSE.

The skirting clause has the following proviso (par. 368):

"That skirted wools as imported in 1890 and prior thereto are hereby excepted."

I have been unable to discover that the United States customs authorities have any samples of fleeces showing how wool was skirted in 1890 or prior thereto, or that they have any exact definition of how wool was skirted at that period. Moreover, it is incredible that the woolgrowers of distant countries observe any rules for skirting wool to make it conform to any definite interpretation of the skirting clause of our tariff. Trustworthy information leads me to the conclusion that skirting, as defined by the clause of our tariff law, is but little more than a tradition, dating back more than 20 years, and leaving its present application to the practically unchecked discretion of subordinates in the customhouses. The seriousness of such a condition will be understood from the fact that wool passed as skirted is subject to a single duty of 11 or 12 cents a pound, while wool passed as sorted is subject to a double duty of 22 or 24 cents.

A clause like the skirting proviso, which is incapable of exact interpretation and strict enforcement, is a serious defect in any tariff law. Under its loose and vague provisions those charged with enforcing the law can nullify the intent of other provisions in the statute, as the sorting clause is to a large extent nullified in our law.

THE TARIFF ON SCOURED WOOL.

The duty on wools of classes 1 and 2, if imported scoured, is three times the duty on unwashed wool. Such duties would be uniform if 3 pounds of unwashed wool was always required to produce 1 pound of scoured wool. As a matter of fact, however, the great bulk of the world's wool clip shrinks much less than 66⅔ per cent in scouring, some of it shrinking as little as 10 per cent. The result is that only the lightest shrinking grease wools are imported into the United States in order to get the benefit of the lowest possible duty per scoured pound. On wool shrinking 33⅓ per cent, of which large quantities are imported, the duty of 11 cents per grease pound is equivalent to 16½ cents per pound scoured, or just one-half of the duty of 33 cents on wool imported scoured. The cost of scouring, like the cost of sorting, amounts to but very little—about one-half cent per pound scoured, being as insignificant compared with the additional duty imposed as is the cost of sorting.

The 33 and 36 cent rates on scoured wool serve two objects. They cause the exclusion of all that large quantity of wool which is offered for sale in foreign markets in the scoured condition and which is well adapted for the production of low-priced but very serviceable wool clothing. In addition these rates on scoured wool lead many American woolgrowers into the mistaken belief that they represent the duty on imported wool on a scoured basis.

If the grease and dirt are removed from wool in foreign countries, there is no good reason why the scoured wool should not be admitted to the United States at a fair rate of duty, but the 33 and 36 cent rates make importation of scoured wools commercially impossible. The irrational character of the wool duties in this regard is illustrated by the fact that grease wool of class 1, shrinking, say, 30 per cent, if imported in the grease, is subject to a duty equal to 15⅝ cents per scoured pound, while the same wool, if scoured at a trifling cost abroad and imported in the scoured condition, is subject to a duty of 33 cents per scoured pound.

BY-PRODUCTS.

The defects in the duty on wool by-products and reclaimed wool (shoddy) are that with unimportant exceptions they are so high as to be prohibitory, and being specific bear no regular relation to the utility of the materials.

The duties on wool by-products also exhibit the defect inherent in specific duties, that they bear most heavily on the cheaper materials. For example, worsted noils valued at 20 cents a pound are subject to a duty of 20 cents, which is 100 per cent of the value, while noils valued at 40 cents a pound are subject to the same specific duty—20 cents—which is only 50 per cent of the value. The effect of this straight specific duty is that low-priced noils suited for the manufacture of low-priced but serviceable clothing are excluded from the United States, while a small quantity of high-priced noils is imported for use in the manufacture of high-priced goods.

The utilization of the by-products of wool manufacture and of reclaimed wool is essential in providing the people with an adequate supply of wool clothing because of the relatively small amount of new wool annually sheared from the world's sheep. It is therefore of great importance that no unnecessary restriction be placed on our access to these useful materials. Restricting the supply of them has two unavoidable results—it increases the cost and encourages the adulteration of wool goods.

MANUFACTURED GOODS.

We now come to the tariff on partly or wholly manufactured goods. The principal defect here is that the compensatory rates of duty do not correspond to the amounts required to compensate the manufacturer for the increased cost resulting from the tariff on the raw material. It is inevitable that this should be the case, because the rates are based on assumed ratios between the weight of unwashed wool and of the materials made from it. As we have seen, the ratio between the grease weight and scoured weight of wool varies approximately from 10 to 80 per cent. Owing to the further variation in the shrinkage in manufacturing it follows that even greater diversity will be encountered in the actual ratio between grease wool and partly or wholly manufactured goods.

THE 4 TO 1 RATIO.

A ratio of 4 to 1 is adopted for grease wool and cloth which costs more than 40 cents a pound. This 4 to 1 ratio is approximately correct for wool shrinking 62 per cent in scouring. If all wools shrunk 62 per cent in scouring, the compensatory tariff, based on the ratio of 4 to 1, would be a nearly perfect system. Instead, however, of all wools shrinking 62 per cent, a large part of the world's clip, enough to supply easily the demand for imported wool in the United States, shrinks much less than 62 per cent. Moreover, the specific duty on grease wool operates, as we have seen, to exclude the heavy wool for which the 4 to 1 ratio is correct.

Very little wool shrinking more than 50 per cent is imported, while much of the wool brought into the United States shrinks much less, some of it, like mohair, shrinking only 10 per cent. The result is that the compensatory duty is invariably in excess of the amount required, the excess going to swell the protection to the manufacturer. This defect can not be remedied by reducing the legal ratio between grease wool and cloth, because the average ratio between grease wool and cloth, even if it could be determined, would not answer for assessing compensatory duties. Wool is used by the mills, not in lots of average shrinkage but to suit the fabric to be made. One cloth may be made of the lightest shrinking wool; another of the heaviest. For that reason compensatory rates based on the average ratio between grease wool and finished cloth would be excessive on some goods and deficient on others. It should be borne in mind that the 4 to 1 ratio is not an average ratio, but is close to one extreme, representing the ratio between cloth and wool shrinking about 62 per cent.

I have selected the 4 to 1 ratio for illustration because it is so well known, but what has been said regarding it is true of the other assumed ratios between grease wool and tops, roving, yarn, cloth, knit goods, and felts.

PARAGRAPH 376.

Paragraph 376 of the present Schedule K is a blanket clause by which all partly manufactured wool materials not specially provided for are made dutiable at the rates imposed on cloths under paragraph 378. Under this blanket paragraph roving, which is a product advanced to a condition ready to spin into yarn, is dutiable as finished cloth.

Thus the compensatory tariff on roving is not only higher than on the yarn made from it, but it is, in fact, higher than on the finished cloth made from it, because, owing to the waste in manufacturing, the roving is heavier than the cloth.

GOODS COMPOSED IN PART OF WOOL.

A further defect in the compensatory rates is their application to goods made of mixtures of wool and other materials, such as cotton, hemp, jute, wool waste, and reclaimed wool (shoddy). On such goods the excess of the compensatory rate above that actually required is greatly increased.

HOW MUCH WOOL TO MAKE A POUND OF CLOTH.

Additional information regarding the compensatory duty and the shrinkage in manufacturing will be found in the two accompanying articles, "Tariff on Wool and Wool Goods," and "How Much Wool to Make a Pound of Cloth?" The former gives comparisons of the legal compensatory duty with the amount actually required on 11 fabrics of widely different construction. The latter gives the result of a test to determine the shrinkage in manufacturing wool goods, which covered the production of the Hecla Mill at Uxbridge, Mass., for a period of nearly four years (1886–1890).

The use of different ratios for manufactured materials of different values such as 2¼ and 3½ for tops, 2½ and 3½ for yarns, or 3 and 4 for cloths, is a rough attempt to correct some of the extreme variations in the compensatory rate to which I have called attention. They fall far short of what is required, as will be seen by applying any one of the compensatory rates to a number of lots of merchandise dutiable under it. In the case of felt not woven, and knit garments, even this rough attempt at equalization is omitted, and the compensatory duty is based on a uniform rate of 4 to 1 regardless of value.

THE HIGHEST TARIFF ON THE CHEAPEST GOODS.

Another defect inherent in the specific duties is that they bear more heavily on the cheaper grades of goods. This defect is but partially corrected by the reduction of the specific or compensatory duty on goods under a certain value. For example, a wool yarn valued at 50 cents a pound is subject to a compensatory duty of 38½ cents, while a yarn valued at 25 cents a pound is dutiable at 27½. The lower specific rate, 27½ cents, is, however, equal to 110 per cent of the value of the yarn, while the higher specific rate, 38½ cents, is but 77 per cent of the value of the yarn to which it is applied. This defect is, of course, still greater where no attempt is made, as in the case of knit garments and felts not woven, to adjust the specific rates to a different value.

While I have illustrated this fault by reference to yarn, it will be found running all through the schedule, on raw materials, partly manufactured and finished goods. As a result the cheaper wool materials are excluded from the country while the imports are confined to the higher-priced goods, which may to a considerable extent be classed as luxuries. The attempt is made to justify this discrimination against low-priced goods by the claim that the object is to prevent the domestic market from being flooded and the domestic consumer defrauded by an influx of very inferior and unserviceable goods. Aside from the obvious objection to sumptuary legislation the fallacy in this claim lies in the failure to take into account the fact that in wool goods cheapness does not necessarily mean lack of utility. Warm, durable, and in every respect serviceable wool goods are manufactured from the low-priced wools, reclaimed wool, noils, wastes, and other by-products. Inferior goods are made from inferior stock, but such goods can be safely left to find their level in the market, without protecting the public against them by arbitrary legal barriers, under which there is no discrimination between what is good and what is poor.

THE TARIFF ON DRESS GOODS AND CARPETS.

The compensatory tariff on dress goods and carpets has the same defect. It does not correspond even approximately with the amount needed to compensate the manufacturer for the increase in cost resulting from the tariff on the raw material, being, in all cases that have come under my observation, largely in excess of the amount required. On dress goods and carpets they are specific rates per square yard and thus do not have even the appearance of possessing

a definite relation to the specific duty on wool, as is the case with tops, yarns, and cloths. Nevertheless the actual discrepancy is the compensatory duty on dress goods and carpets is probably no greater than on tops, yarns, and cloths.

THE AD VALOREM DUTIES ON GOODS.

The ad valorem rates are imposed on partly and wholly manufactured materials, in addition to the compensatory tariff, for the purpose of protecting the manufacturer. I am inclined to believe that these ad valorem rates are not much above what is required for the purpose of protection. The excessive rates are principally the result of the excess of the compensatory tariff.

WHERE CHANGE SHOULD BE MADE.

The next request in the memorandum is that I point out the spots on Schedule K, where changes should be made. My review of the defects in this schedule makes it plain that it needs a general and thorough reorganization. It is based on a fundamentally defective system which affects every one of its paragraphs, and it can not be made right by amendments in spots. The reorganization should follow the scientific and thorough investigation which you are to make.

METHOD OF INVESTIGATION.

The second division of your memorandum is as follows:

"An outline of methods of investigation to be adopted in studying costs of production in this and foreign countries in each branch of the woolen industry, which should include—1. Raw wools. 2. Yarns. 3. Wastes, shoddy, tops, etc., as covered by paragraphs 372 to 375, inclusive. 4. Cloth: (*a*) Worsted; (*b*) carded wool. 5. Carpets and rugs."

My first suggestion is that the inquiry be divided into three parts: First, dealing with the growing and sale of wool which is the finished product of the farmer but the raw material for the wool manufacturer; second, dealing with the manufacture of the wool into cloth ready for manufacture into garments; third, dealing with the manufacture of cloth into clothing and its distribution to the consumers. Parts 2 and 3 will unavoidably overlap each other in the case of certain products, such as carpets and rugs, hosiery, and underwear, but the three classifications can be carried out with slight modifications to suit these special cases.

THE WOOL SUPPLY.

As regards the method of investigation I shall restrict myself mainly to the manufacturing of wool goods, as it is to that branch of the industry that my practical experience has been confined. There are, however, a few suggestions I desire to make in connection with the raw-wool supply. It is desirable to know the quantity of the various grades of wool produced in this country and abroad. The statistics of the wool supply are to a great extent unreliable, and care should be taken by you to sanction the use of only such wool statistics as are known to be reliable. This may restrict you to a very limited supply of figures, but that can not be helped. The use of the great mass of figures relating to the supply of wool would tend to defeat the object of your work, which is to determine facts.

The world's stock of wool as it is offered for sale should be carefully studied. This task is simplified by the fact that much the greater part of the world's wool supply is sold by public auction in a few large centers of the trade, such as London, Sydney, Melbourne, Adelaide, and Antwerp. The cooperation of the owners of the wool, their agents, and the managers of the auction sales would enable the board to study the stocks under specially favorable conditions and obtain a mass of information of very great value. I am not enthusiastic as to the possibility of securing such cooperation, but even a partial success would bring valuable results. The information sought in this way would include the quantity and quality of the wool and the estimated shrinkage of that part that is offered for sale in the grease.

The facts as to quantity, quality, and condition and the price of the wool sold at these auctions are an essential factor in an intelligent consideration of the entire wool and wool-goods schedule. Fortunately, the quantity of wool sold at these auctions is so large as to represent fairly the world's supply.

Care should be taken to have the investigation cover enough of the wool to give a fair average and avoid the error of drawing general conclusions from a partial view.

WOOL AUCTIONS.

Another important subject of inquiry is the wool auctions themselves. The controversy over the wool tariff centers around the question of specific and ad valorem duties on wool. While the inequalities of specific duties are admitted, it is claimed that the danger of undervaluation makes an ad valorem tariff even more objectionable. The character of the world's great wool auctions has an important bearing on this point, and the board should determine by careful investigation whether these auction sales are so conducted as to warrant their recorded prices being accepted under proper safeguards as a basis for appraising imported wool at United States ports.

CARPET WOOL FOR CLOTHING.

Among the questions that should be studied is the extent to which wools of class 3, known as carpet wools, are used for clothing. Information should also be gathered bearing on the proposition to abolish all classification of wool and make all kinds subject to one uniform rate of duty.

DIFFERENCE IN COST OF PRODUCTION.

The party in control of the Government and the President are committed to the principle that the protective tariff should be measured by the difference in the cost of production in this country and abroad, plus a reasonable profit. That being the case, it is the duty of the board to do their best to determine the domestic and foreign cost. I have been of the opinion that it is impossible to determine these costs, but the present situation is such as to require that the attempt shall be made.

Even if there were no doubt in my mind as to the possibility of sucess, the fact that the investigation will be in a practically unexplored field would alone warrant me in advising you to proceed cautiously and test the practicability of the work before undertaking it on a comprehensive scale. The lack of previous experience in this line of investigation, combined with the fear that complete success is not attainable, makes me very confident in advising you to investigate first some staple product of wool manufacture. If the investigation is successful the inquiry can be extended to other products, with the added advantage of the experience gained in connection with the first one. Better results will follow this plan of making haste slowly than would be obtained by starting at once an investigation of costs throughout the entire wool-manufacturing industry. Of course, while the inquiry is being carried on energetically in the limited field, preparations can go forward as rapidly as possible for extending it to the remainder of the industry.

Because of the difficulty of the undertaking and the lack of experience I would advise that the product selected for the preliminary investigation be one presenting the least technical difficulty. For that reason it should be a staple article for which there are established standards both in the United States and abroad. It should also be a product advanced sufficiently in the process of manufacture to afford an adequate basis for the test. White worsted yarn fulfills these requirements and is the only manufactured wool product that does. Other products are open to serious objections. Worsted tops are not advanced sufficiently in manufacturing. Neither worsted cloths nor carded woolen goods are standardized so as to make a fair comparison possible. White worsted yarn, however, is well advanced in the process of manufacturing, and is manufactured and sold in the United States and foreign countries by well understood and, in the main, identical standards as regards both quality and size.

INVESTIGATION BY DEPARTMENTS.

The plan of the inquiry, as regards both the general features and the details, should be framed with great care so as to fit into any extension to other wool products, and to give the information in the form best adapted for its consideration in connection with the revision of the classifications and rates of the schedule.

To this end I would suggest that the cost be determined separately for each department or process of manufacturing and not for particular products. If, for example, the domestic cost is found for a certain fabric, the information will be of value only in connection with that fabric, and it may be found impossible to get corresponding data for the foreign cost of the same kind of goods. If, however, the cost is obtained for each department or process of manufacturing, based on the respective units of production, the domestic and foreign costs will be comparable even if the finished products of the mills vary widely from each other. The manufacturer would be asked to give a statement of his production, labor, and expense accounts, separately for each process, such, for example, as sorting, scouring, carding, combing, drawing, spinning, warping, weaving, dyeing, finishing. The production and average cost would be based on the pound, run, hank, or yard, as required. It would be necessary in addition to prescribe a uniform method of distributing the fixed charges among the various processes, this being, technically, the most difficult part of the task.

A great advantage of this method of investigation by separate departments is that the results from the different mills will be comparable regardless of whether the mills buy raw stock or partly manufactured material, or whether their production is in the form of partly manufactured or finished goods. For example, one mill (1) may convert the grease wool into yarn; another (2) may buy wool and yarn, converting them into cloth; another (3) may buy wool and yarn and sell both yarn and cloth; while a fourth (4) may buy yarn only and convert it into cloth.

	Receives.	Produces.
Mill 1	Grease wool	Yarn.
Mill 2	Wool and yarn	Cloth.
Mill 3	do	Yarn and cloth.
Mill 4	Yarn	Cloth.

It will be readily seen that the total manufacturing costs of these four establishments are not comparable because the price paid for the yarn purchased by three of them as raw material represents a part of the cost of manufacturing wool into cloth, while the yarn sold by two of them as a finished product is in fact a partly manufactured product and more or less expense is still required to convert it into cloth.

These four mills do not exhaust the possible combinations of different products received and produced. A mill may receive grease wool, scoured wool, tops, roving, yarn, or unfinished cloth as its raw material and deliver scoured wool, tops, roving, yarn, unfinished or finished cloth as its finished product. Without dwelling further on this point it will be seen that, aside from the variation in the class of goods, the diversity in the form of the materials received and produced by the different mills would make impossible any useful comparison of the average costs for entire mills.

With the proposed investigation by departments, the results are all placed on the same basis for comparison, regardless of the form in which the material goes into the mill or comes out of it. The cost of weaving in No. 3 mill, which buys both wool and yarn and sells part of the yarn it spins, would, for example, be comparable with the cost of weaving in No. 4 mill, which buys yarn only, or in No. 2 mill, which buys wool and yarn, converting it into cloth. In other words, the costs for each process would be comparable between different mills regardless of the form in which the material is received and delivered by the respective establishments.

The cost of any product, either partly or wholly manufactured, can be closely estimated from the cost averages thus determined.

ANALYSIS OF FABRICS.

It will be necessary for the board to collect and analyze samples representing fairly all the commercial products of domestic and foreign wool manufacture The results of the analyses will enable a close estimate of the cost of manufacturing each product to be made, based on the cost averages already determined for the respective processes and for the fixed charges. I desire to lay special emphasis on the importance of this work. If well done, it will give the

lawmakers and the public information essential for the intelligent framing of a wool and wool-goods tariff schedule, which information is possessed now only by the wool manufacturers, and imperfectly by many of them. It is only by the aid of such information that such an important matter as the adjustment of any compensatory duty on goods to the amount required can be made; and it is only by the aid of such information that defects in any given compensatory rate can be detected.

It is only by such a system of analysis that the complicated problems of framing a tariff on products composed partly of wool can be properly solved. These wool products involve the manufacture, not only of wool, but of cotton, silk, linen, jute, and other textile materials, and the board must have the information that can be obtained only by careful analyses of representative samples.

EXTENSION OF PLAN.

This general plan for the investigation of the cost of wool goods could be applied to all branches of the business, including carded woolen, worsted, knitting, carpet, and felt mills, modifying the details as might be found necessary to suit the conditions in each branch of the business.

SHODDY.

Shoddy would be treated as a partly manufactured product, and the comparative cost of manufacturing determined by the same general method as that already recommended for other manufactured materials, modifying the details to suit the special requirements of shoddy manufacture.

WOOL BY-PRODUCTS.

The by-products of wool manufacture, such as noils, wastes, and flocks, are in a class apart from other materials, and it would be necessary to investigate them on a different plan. No part of the labor cost or other expense of manufacturing is charged in their production. They drop from the material in process of manufacturing and are either used again as raw materials in the mill in which they were made or are sold for the best price possible.

Under these conditions wool by-products should be studied to determine their adaptability for manufacture into wool goods. Reliable statistics of the domestic and foreign-market prices of the various wool by-products for a term of years should be obtained, along with any other information that would aid the lawmakers in fixing upon a fair duty on these materials, leaving the adjustment of rates to be made on the basis of that information and of other considerations, such as the extent to which the woolgrower should be protected against the competition of by-products.

ASKING MANUFACTURERS FOR INFORMATION.

Having decided upon what information is required, it will be necessary to present the request for it to the American and foreign manufacturers. This part of the undertaking is surrounded with peculiar difficulties because the personal element is so largely involved. Two requirements seem to me so important that I will name them first. They are that the requests of the board be so presented to the manufacturers as to emphasize the fact that they come from the President of the United States, and that the requests be framed so carefully and be technically so correct that those to whom they are presented will be impressed with the fact that the board, acting under the authority of the President, knows exactly what it wants.

ATTITUDE OF MANUFACTURERS.

There are approximately 1,200 manufacturers of wool goods in the United States. They may be classified in the following manner in respect to their probable attitude toward the inquiry:

1. Those who welcome the investigation as marking an improvement in the methods of revising our tariff laws and who will extend to the board every facility to obtain the information regarding their (the manufacturers') business.
2. Those who are likewise favorably disposed toward the inquiry, but who hesitate to give the information desired for fear it will be used to their injury.
3. Those who are actively opposed to the inquiry, and who will seek to defeat its purpose and discredit it before the public.

4. Those who have made no study of the tariff question, who look upon the tariff agitation as an unmitigated evil and upon the inquiry as being calculated to foster agitation.

DIRECT APPLICATION TO MANUFACTURERS.

The nature of the inquiry is such that it requires the board to apply directly to the manufacturers for the information desired. What is wanted is all the pertinent facts, vouched for by those in a position to know. The individual manufacturers and head officers of the manufacturing corporations are the only ones in that position, and the inquiry should therefore be confined to them. If the board should apply to the manufacturers' associations for the information, the individual manufacturers, with the exception of those included in class 1, would be disposed to let the association act for them, and the inquiry would be a failure. It is necessary for this investigation to go into the details of manufacturing wool goods and to obtain facts from as many mills as possible in order that the information may represent the actual conditions in the industry. This can be done only by direct dealings between the board and those in control of each manufacturing plant. For these reasons I advise that no requests for information be addressed to the manufacturers' associations.

CONFIDENTIAL INFORMATION.

It is important that the manufacturers be made to understand that the information they give to the board will be held in strict confidence. This will overcome the objections raised by those in class 2.

The opposition of those included in class 3 will in great measure be overcome by letting it be understood that while the board is conducting the inquiry on a carefully prepared and entirely practicable plan, and is sparing no effort to make the inquiry successful, at the same time the board has taken into consideration the possibility that a partial failure might result from the refusal of a portion of the manufacturers to give the desired information, and that in such an event the only course open to the board will be to lay before the President such information as it may have obtained and state the reason for the failure to obtain more. I believe there are very few manufacturers who would be willing to take the risk of the public discredit they would bring on the cause of protection by such a refusal to cooperate in the investigation.

ACCOUNTANTS AS INVESTIGATORS.

As this inquiry is the first of its kind, it will probably be necessary for the board to have its representatives interview the manufacturers, explain the object of the investigation, and confer with them regarding the best means of obtaining the desired information. In that event I advise that the work of inquiry among the mills intrusted to accountants and not to experts in wool manufacturing. Wool manufacturers dislike to give out information regarding their business, and especially to allow persons familiar with wool manufacturing to inspect their plants and processes. If the plan for the inquiry is perfected before the work is started it will be possible for competent accountants to carry it out to better advantage than could manufacturing experts.

THE COOPERATION OF MANUFACTURERS.

If the requests for information are correctly framed and tactfully presented to the manufacturers by the board, what at first seemed a problem so difficult as to be practically impossible, may turn out to be comparatively easy of solution. Opposition may be disarmed and enthusiastic cooperation be obtained from manufacturers who have become convinced that they have every reason to aid in making the investigation a success in order that the tariff protection to their industry may be placed on the solid foundation of popular confidence in its fairness.

An encouraging feature of the situation is found in the fact that success does not necessarily depend on obtaining the information from every one of the wool manufacturers of the country. Returns from a fair proportion of representative mills in each branch of the business would make the investigation successful. I am encouraged to believe that a sufficient number of manufacturers will cooperate to make the work of the board a success.

FOREIGN COST.

The work of determining the difference between the domestic and foreign cost of production will be but half done when the domestic cost is found. The foreign cost must be found in order that the two may be compared. Nothing appears more certain than that foreign manufacturers will refuse to give the board the desired information regarding the cost of production in their mills. The experience of our consuls in 1908 in a like inquiry, and particularly the response to the request of Consul Albert Halstead dated August 25, 1908, and addressed to the manufacturers of Birmingham, England, confirms this belief.

It is useless for me to dwell here on the supposed difficulties. The task is set for the board, and everything possible must be done to accomplish it. Then, if it is found to be impossible, that fact can be made plain. Care must be taken that whatever information is obtained regarding the foreign industry shall be in the same form as that adopted for the domestic industry in order that a comparison may be made. The machinery and processes are similar both at home and abroad. In the worsted spinning industry the greater part of the machinery in American and foreign mills is from the same builders. The same materials are used, and the manufactured products vary no more between American and foreign mills that between the different mills in America or abroad.

That it may be found impossible to obtain information regarding the difference between the domestic and foreign costs of production to the extent required for applying the formula laid down as the true principle of protection is no reason for discouragement regarding this inquiry. To determine that complete success is impossible would be a step in the right direction, as it would be a fact for the guidance of our lawmakers. Moreover, an earnest attempt to succeed, even if followed by but partial success, could not fail to elicit information of great value. This might be other than information regarding costs of production. In fact, I assume that the inquiry will cover all information that might prove of value in the framing of our tariff.

EFFECT OF IMPROVING QUALITY OF RAW MATERIAL.

Information of this character will include that relating to the great improvement in the intrinsic value of cloth by increasing the supply of the better grades of the raw material. The real value of a wool garment as regards durability, warmth, and appearance is based first of all on the quality of the raw material; that is, wool and wool by-products. At the same time the cost of this raw material is usually but a small part of the cost of the garment, the remainder of the cost being due to manufacturing the cloth and the clothing, together with the cost of distribution. Thus an improvement in the quality of the wool raw material, which costs comparatively so little, will increase the intrinsic value of the entire garment. It is my belief the board will find on investigation that in many cases the correction of defects in schedule K will more than double the real value of the wool garment without increasing the cost.

Another point is the relative importance of the different raw materials in providing the people with wool clothing. To determine this it will be necessary to obtain information as to the available quantity of such materials and their value.

A STUDY OF ARGUMENTS IN THE PAST.

Another branch of the inquiry might include a study of the statements made by those interested and disinterested men who have engaged in the discussion of schedule K since it was framed. While much of this discussion has been special pleading, still it contains valuable information which can be sifted from the chaff and which would aid the board in this investigation.

COST OF DISTRIBUTION.

The foreign and domestic methods of distributing wool and wool products to the consumers should be carefully studied and compared. Some of the differences may indicate where the American system is inferior, others where it is superior to the foreign. And others may be due to the unavoidable differences in the conditions under which business is carried on.

THE INVESTIGATING STAFF.

I come now to the third and last part of your memorandum, in which you ask for the names of persons qualified to do the work of investigating the woolen schedule. I will endeavor in the near future to give you the names of such persons, but at this time will confine myself to some general observations regarding the manner in which I think the work should be done.

Some member of the board should take personal charge of the investigations of Schedule K. As none of you are familiar with the details of wool manufacturing the member assigned to this work should begin at once a diligent and systematic study of the different branches of the trade. Arrangements should be made by which he could devote his entire time in woolen and worsted mills for a period of four or five weeks. With the aid of a competent instructor he could thus become sufficiently familiar with the materials and processes of wool manufacturing to direct this branch of your inquiry. I believe this to be necessary to success in your work. Many complicated questions, involving both technical conditions and personal interests, will be presented to you for solution before your work is done. The decisions can not be made by others; they must be made by you. And they should be made not on information or belief, but on knowledge. That knowledge can be acquired only by personal study of and contact with the industry under working conditions. Enthusiasm, industry, and a trained mind will enable the preliminary information to be gained in a few weeks, and the additional knowledge will be rapidly acquired during the progress of the investigation.

This plan will simplify and facilitate every branch of the inquiry. It will enable you to select on your own judgment proper persons to assist you. It will enable you to detect those who might mislead you through ignorance or from design. It will enable you to confine the work to what is required and to cut out the superfluous details with which such an inquiry as this is likely to be overloaded. The board will be assisted in this inquiry by a staff of active assistants and by the advice of those who take no actual part in the work of investigation. I recommend that the active staff of the board be composed of those who are not interested directly or indirectly in the production or sale of wool materials. Advice may properly be obtained from anyone believed to be capable of giving it. The board will not be responsible for it and need follow it only so far as you think it advisable, and under such conditions a man giving advice in good faith would try to frame his suggestions so they would be justified by events whether you adopted them or not.

By this plan you would be able to avail yourselves of the assistance of anyone you considered trustworthy and yet be certain of having a compact working force to carry on the work of investigation in accordance with your own plans and without the embarrassment of any connection whatever with the producing interests affected by Schedule K.

Respectfully submitted with the earnest hope that your work may be successful in every respect.

SAMUEL S. DALE.

Prof. H. C. EMERY, *chairman.*
Hon. JAMES B. REYNOLDS.
Hon. ALVIN H. SANDERS.

THE TARIFF ON WOOL AND WOOL GOODS.

IRREGULARITIES TO BE REMOVED.

It is evident that one of the most difficult problems before the Committee on Ways and Means is the removal of the inequalities in the tariff on wool and woolens. The new tariff should afford adequate protection to all branches of the industry. That is the basic principle on which the revision must be made. It should also bear equally on all branches, favoring none at the expense of the others or of the consumer. The inequalities encountered first are those in rates on wool. As it comes from the sheep's back and is received at the mill wool contains a widely varying amount of grease and dirt. Some lots may consist of three-quarters grease and one-quarter clean wool, other lots one-quarter grease and three-quarters clean wool, and no two lots shrink exactly alike.

THE FUNDAMENTAL DIFFICULTY.

The Dingley law fixes the tariff on wool at a uniform amount per pound of grease wool, regardless of the amount of grease it contains. Here lies the fundamental and insurmountable difficulty with a specific duty on grease wool. A duty of 11 cents a pound amounts in fact to 44 cents per pound of clean wool, if there is 75 per cent of grease present, and to only 14⅔ cents per pound of clean wool if there is 25 per cent of grease. The result is that the 11 cent duty on wool excludes the heavy shrinking wools from the country. In effect the laws says: "No wool shrinking over a certain amount shall be imported into the United States, except at a loss." It is impossible to escape this prohibition by scouring the wool abroad, because the law expressly provides that the duty on scoured wool shall be three times the duty on grease wool.

BURDENS ON THE INDUSTRY.

The wools required by the carded woolen industry are the short, heavy shrinking grades. This explains one reason why the specific duty on wool is a serious burden on the carded woolen industry and bears lightly on the worsted trade, for which the light-shrinking wools are chiefly adapted.

DEPRIVED OF RAW MATERIAL.

Deprived wholly of any supply of foreign wool, the carded woolen industry is forced to rely on the domestic clip, which provides less than half the wool (clean weight) used in the country. This domestic supply is still further restricted by the fact that worsted machinery has been steadily developed so as to comb and spin shorter wools for worsted goods. This is a second reason why the carded woolen industry is placed at a disadvantage.

Retricted to a small part of a small domestic clip, the woolen manufacturer turns to the by-products of worsted manufacture and to reworked wool (shoddy) for a supply of raw material, and again finds conditions adverse to him. The duty on noils, the by-product of worsted combing, which the worsted spinner can not use, is so high as to prohibit importations, and as a result the carded woolen manufacturer is forced to pay the worsted manufacturer a high price for a very limited supply of domestic noils.

THE CLOTHING OF THE POOR.

The carded woolen manufacturer finds a similar condition when he turns from noils to wool waste and reworked wool. Prohibitory duties on the foreign supply restrict him to the narrow limits of the home supply.

The products of the carded woolen industry are necessary in order to provide the people with warm clothing at a low price. They are preeminently the clothing of the poor and of those in moderate circumstances. The effect of the present law has been to make cotton, instead of carded woolen cloth, the substitute for the higher priced worsted, and thus deprive the consumer of an adequate supply of warm clothing at a moderate price.

STARVING THE CARDED WOOLEN INDUSTRY.

It is difficult to avoid the conclusion that the carded woolen industry has been starved, while the worsted industry has been placed in a favorable position by reason of the low duty on light shrinking worsted wools and of the high prices at which the worsted by-products have been sold to carded woolen and knitting mills.

It is not surprising that the carded woolen industry has languished under these conditions, nor that those identified with it should now appeal vehemently for a recasting of the tariff on wool and wool goods at the coming revision. It is our purpose here not to recommend a definite schedule, but rather to point out facts that would aid in framing such a schedule. If objection is raised to the abandonment of specific duties on wool on the score of danger of undervaluations, the question may well be asked, "Is the evil of undervaluations with an ad valorem tariff, which evil can be limited by the vigilance of the Government, likely to be greater than the evil of discrimination against heavy shrinking wools, which evil can not be limited in any way whatever?" It is up to the advocates of specific rates on wool to propose a schedule under which such rates will not favor some and discriminate against others.

A UNIFORM TARIFF ON WOOL GOODS.

Another problem before the committee, and which is still more closely interlaced with the technical details of textile manufacturing, is the framing of a schedule of rates on wool fabrics which will be uniform on all grades of goods. The first step in reaching a solution of this problem is to obtain facts. The present law is based on the assumption that it requires 4 pounds of grease wool to make 1 pound of wool cloth. The error of such a general proposition is at once evident because of the variable shrinkage of grease wools. But it is not enough for the committee to know that the 4 to 1 ratio is wrong. They are charged with the task of finding out what is right. It will aid them in this search to know just how the present law with its 4 to 1 ratio has operated on different fabrics. With this object in view, we have applied the Dingley rates to a number of wool fabrics which have either been made or analyzed by us personally. We know as well as it is possible for anyone to know how much material is required to manufacture a pound of the respective cloths, and present here the results of our calculations. We believe this is the first time that the results of such an examination of the Dingley schedules have been published:

	Duty.	Per cent.
A25; worsted serge; 18.4 ounces per yard, 54 inches wide; 10,000 yards, at $1, $10,000; 11,500 pounds cloth; this requires 21,941 pounds grease wool:		
Dingley duty—		
11,500 pounds cloth, 44 cents	$5,060.00	50.6
55 per cent of $10,000	5,500.00	55
Total duty	10,560.00	105.6
Actual compensatory required; 21,941 pounds grease wool, 11 cents	2,413.51	24.1
Actual protection	8,146.49	81.5
A96; cotton warp dress goods; 6.7 ounces per yard, 50 inches wide; 10,000 yards at 25 cents, $2,500; 4,187 pounds cloth; this requires 4,515 pounds of grease wool:		
Dingley duty—		
4,187 pounds cloth, 44 cents	1,842.28	73.7
50 per cent of $2,500	1,250.00	50
Total duty	3,092.28	123.7
Actual compensatory required, 4,515 pounds grease wool, 11 cents	496.65	19.9
Actual protection	2,595.63	103.8
C96, worsted dress goods, 6.7 ounces per yard, 50 inches wide; 10,000 yards, at 40 cents, $4,000; 4,187 pounds cloth; this will require 9,760 pounds of grease wool:		
Dingley duty—		
4,187 pounds cloth, 44 cents	1,842.28	46
55 per cent of $4,000	2,200.00	55
Total duty	4,042.28	101
Actual compensatory required, 9,760 pounds grease wool, 11 cents	1,073.60	26.8
Actual protection	2,968.68	74.2
E119; worsted serge, piece dyed; 14½ ounces per yard, 56 inches; 10,000 yards, at 90 cents, $9,000; 9,062 pounds cloth; this would require 20,945 pounds grease wool:		
Dingley duty—		
9,062 pounds cloth, 44 cents	3,987.28	44.3
55 per cent of $9,000	4,950.00	55
Total duty	8,937.28	99.3
Actual compensatory required, 20,945 pounds, 11 cents	2,303.95	25.6
Actual protection	6,633.33	73.7
A220; cotton worsted; 14 ounces, 55 inches wide; 10,000 yards, at 50 cents, $5,000; 8,750 pounds cloth; this would require 3,125 pounds grease wool:		
Dingley duty—		
8,750 pounds, 44 cents	3,850.00	77
50 per cent of $5,000	2,500.00	50
Total duty	6,350.00	127
Actual compensatory required, 3,125 pounds, 11 cents	343.75	6.8
Actual protection	6,006.25	120.2

		Duty.	Per cent.
A207; cotton warp, casket cloth, cotton, wool and shoddy, 15½ ounces per yard, 68 inches wide; 10,000 yards, at 50 cents, $5,000; 9,688 pounds cloth; this will require 2,375 pounds cotton warp, 1,600 pounds grease wool, 1,125 pounds raw cotton, 9,563 pounds shoddy:			
Dingley duty—			
9,688 pounds cloth, 44 cents		$4,262.72	85.2
50 per cent of $5,000		2,500.00	50
Total duty		6,762.72	135.2
Actual compensatory required—			
1,600 pounds, 11 cents	$1,760.00		
9,563 pounds, 5 cents	478.15		
		2,238.15	44.8
Actual protection		4,524.57	90.4
606; piece-dyed kersey; 25 ounces per yard, 55 inches wide; stock; back warp, 40 per cent; Oregon wool, 60 per cent shoddy; face warp and filling, 50 per cent; California wool, 50 per cent shoddy; 10,000 yards, at $1.25, $12,500; 15,625 pounds cloth; this would require 32,426 pounds wool in grease, 13,167 pounds shoddy:			
Dingley duty—			
15,625 pounds cloth, 44 cents		6,875.00	55
55 per cent of $12,500		6,875.00	55
Total duty		13,750.00	110
Actual compensatory required—			
32,426 pounds, 11 cents	$3,566.86		
13,167 pounds, 5 cents	658.35		
		4,225.21	33.8
Actual protection		9,524.79	76.2
E382; cotton warp beaver; 28 ounces per yard, 55 inches; 10,000 yards at 75 cents, $7,500; 17,500 pounds; this quantity would require 3,611 pounds raw cotton, 1,309 pounds cotton warp, 22,123 pounds shoddy, 4,886 pounds fine wool, 1,137 pounds coarse wool:			
Dingley duty—			
17,500 pounds, 44 cents		7,700.00	102.7
50 per cent of $7,500		3,750.00	50
Total duty		11,450.00	152.7
Actual compensatory required—			
6,023 pounds, 11 cents	$662.53		
22,123 pounds, 5 cents	1,106.15		
		1,768.68	23.6
Actual protection		9,681.32	129.1
E24; Irish frieze; 34 ounces per yard, 55 inches; stock, 50 per cent wool and 50 per cent waste; 10,000 yards at $1, $10,000; 21,250 pounds cloth; this requires 23,625 pounds grease wool, 17,719 pounds shoddy and waste:			
Dingley duty—			
21,250 pounds, 44 cents		9,350.00	93.5
50 per cent of $10,000		5,000.00	50
Total duty		14,350.00	143.5
Actual compensatory required—			
23,625 pounds, 11 cents	$2,598.75		
17,719 pounds, 5 cents	885.95		
		3,484.70	34.8
Actual protection		10,865.30	108.7
A211; wool cassimere, Territory wool; 13 ounces per yard, 54 inches wide; 10,000 yards at 85 cents, $8,500; 8,125 pounds cloth; this will require 32,143 pounds grease wool, shrinking 65 per cent:			
Dingley duty—			
8,125 pounds cloth, 44 cents		3,575.00	42
55 per cent of $8,500		4,675.00	55
Total duty		8,250.00	97
ctual compensatory required, 32,143 pounds, 11 cents		3,535.73	41.6
Actual protection		4,714.27	55.4
DE; wool dress goods, piece dyed; 6 ounces per yard, 50 inches wide; 10,000 yards at 40 cents, $4,000; 3,750 pounds cloth; this would require 14,823 pounds grease wool, shrinking 65 per cent:			
Dingley duty—			
3,750 pounds cloth, 44 cents		1,650.00	41.2
55 per cent of $4,000		2,200.00	55
Total duty		3,850.00	96.2
Actual compensatory required, 14,823 pounds, 11 cents		1,630.53	40.8
Actual protection		2,219.47	55.4

It will be noticed that the "actual compensatory" is based on the amount of grease wool extended at 11 cents a pound and of waste or shoddy extended at 5 cents. This is on the assumption that the cost of wool in this country is increased by the full amount of the duty, which is not always the case. In the case of waste and shoddy 5 cents a pound has been allowed, because it would clearly be wrong to take the full amount of the duty—10 to 20 cents—which in many cases is more than the total cost of the material in question.

The following summary enables a comparison to be made for each of the fabrics between the duty as divided between "compensatory" and "protective" in the present law and as actually divided in practice.

	Dingley duty.		Actual.		Total duty.
	Compensatory.	Protective.	Compensatory.	Protective.	
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
A25; worsted serge	50.6	55	24.1	81.5	105.6
A96; cotton warp dress goods	73.7	50	19.9	103.8	123.7
C96; worsted dress goods	46	55	26.8	74.2	101
E119; worsted serge, piece dyed	44.3	55	25.6	73.7	99.3
A220; cotton worsted	77	50	6.8	120.2	127
A207; cotton warp casket cloth	85.2	50	44.8	90.4	135.2
608; piece dyed kersey	55	55	33.8	76.2	110
E382; cotton warp beaver	102.7	50	23.6	129.1	152.7
E24; Irish frieze	93.5	50	34.8	108.7	143.5
A211; wool cassimere	42	55	41.6	55.4	97
DE; woolen dress goods	41.2	55	40.8	55.4	96.2

THE PART OF WISDOM.

One of the defects in the present tariff on wool goods, and perhaps the only one that attracts the attention of the public, is that the aggregate ad valorem rates amount in many cases to considerably more than 100 per cent. Popular attention is also directed to the fact that the tariff is prohibitory on the cheaper grades of goods. This fact is being seized by politicians as a basis for the cry of discrimination against the poor and in favor of the rich. It is the part of wisdom for the textile trade to look the situation squarely in the face and devise some plan by which the friends of protection at Washington may be able to frame a law that will not only avoid favoring one branch of the wool and wool-goods trade at the expense of the other, but which will remove all grounds for the belief on the part of the public that the rates favor the producer at the expense of the consumer.

REVISION BASED ON JUSTICE.

When inequalities in a tariff are corrected some one must give up an unfair advantage in justice to others. The woolgrower. the worsted spinner, the woolen manufacturer, and Congress, representing all interests, including the consumer, should get together with the determination to incorporate in the tariff bill of 1909 the square deal of which we have heard so much for seven years. The woolgrower may find that he needs protection against evils at home more than against imports from abroad; the worsted spinner may realize that his higher interests require a yielding up of some of the advantages he now possesses, while the carded woolen manufacturer would doubtless gladly exchange such tariff protection, as he does not need for a supply of the raw material, without which he can not live. And this general equalization of rates, while affording adequate protection to American industry, will satisfy the consumer, who is the final arbiter in this country.

A majority of the people in the United States believe in adequate protection and want it incorporated in the new bill. They also want excessive protection abolished. Under these conditions the course for the textile industry to adopt is plain. It is to aid Congress to determine what is adequate protection and to insist that the rates on all goods shall be lowered or raised as may be necessary to bring them to the "adequate" mark.

BOSTON, MASS., *December 25, 1908.*

How Much Wool to Make a Pound of Cloth?

THE LEGAL REPLY.

Every wool-goods tariff schedule placed on the statute book since 1861 has, with one exception, tried to give an answer to this question. The exception was the Wilson bill which made an answer unnecessary by making wool free of duty. And with this exception the legal reply has been with slight variation, "4 pounds of grease wool." The connection of this question with the wool-goods tariff results from the specific duty on wool. This in turn necessitates what is known as the compensatory duty on wool goods, which is assumed to be equivalent to the duty levied on the wool used in manufacturing the goods. The Dingley duty on wool of the first class is 11 cents a pound. The law assumes that because of the tariff the American manufacturer is compelled to pay 11 cents a pound more for the wool than it costs the foreign manufacturer. Accordingly a specific duty per pound of cloth equal to the duty on 4 pounds of grease wool of the first class is placed on wool goods valued above a certain amount, to compensate the American manufacturer for the increased cost of the raw material. This is legally supposed to leave the American and foreign wool-goods manufacturer in the same relative position as would prevail under free trade in wool. For goods valued at 40 cents a pound or less the ratio is 3 pounds of grease wool to 1 pound of cloth. The medium and high grades of goods, however, come within the four-to-one classification, and, owing to the low valuation the specific duty on the low-grade goods is higher, rated by value, than on the medium and high-grade cloths.

To protect the American manufacturer against competition with cheap foreign labor an ad valorem duty is placed on wool goods in addition to the compensatory specific duty already mentioned. The two constitute the system of compound duties, a combination of a specific duty to balance the duty on wool, with an ad valorem to protect the manufacturer.

A COMPREHENSIVE TEST.

While every tariff act that has levied a duty on wool since 1861 has been based on the assumption that 4 pounds of grease wool is required for a pound of cloth, this conclusion has been vigorously disputed, especially when the tariff happened to come up for revision. It was widely discussed in 1884, 1885, and 1886 in connection with the Morrison tariff bills, and the widely divergent opinions then expressed by experts awakened in my mind a desire to determine the facts beyond question. In the last-named year an unusual opportunity presented itself to me to make a test of the shrinkage in manufacturing carded woolen cloth. In the latter part of that year, 1886, I took charge, as superintendent, of the Hecla Mill at Uxbridge, Mass. The conditions were very favorable for a test. The mill was practically new, there being but a small amount of old yarn on hand at the beginning. A very uniform grade of all wool goods was manufactured. The product included a fine cassimere fabric made of all new wool, and a line of all wool cheviots in which the waste or by-products of the mill were consumed. No cotton was used. The late S. M. Wheelock was treasurer of the company and he frequently made the remark when passing through the mill, "When cotton comes into this mill I go out of it." He stayed in. It was in this mill and during the period covered by the test, that the cloth was made for the uniforms worn by Gen. Harrison's regiment at his inauguration as President of the United States on March 4, 1889.

When taking charge of the mill I had, of course, an accumulation of mill data bearing on the shrinkage of stock in the various processes of manufacturing. But these statistics had been obtained by tests of isolated lots, such as are necessarily made by every manufacturer. Such tests were not comprehenstive enough to settle beyond dispute the question of shrinkage in manufacturing. What was needed was a test covering the production of an entire mill for a period of years, so as to include practically all of the possible variations in material and processes, and give a result that could be safely taken as an average. Stimulated by the discussion of the tariff and by the exceptional opportunity, I resolved to make the test on the extensive scale that was then possible.

THE ONLY BASIS FOR THE TEST.

The scoured weight of the wool was selected without hesitation for the test. Of course the tariff law was based on grease weight, but the adoption of such a basis would have made my test worthless. This is evident to anyone having any knowledge of manufacturing wool goods. Grease wool is received at the mill in lots of widely varying shrinkage in scouring, no two lots yielding the same percentage of clean wool, the loss being due to the removal of grease and dirt, which is allowed to run to waste into the stream.

The following lots used at the Hecla Mill during the test show the wide variation of shrinkage in scouring and the worthlessness of any test such as I had in mind if based on the grease weight of the wool:

Date.	Bought of—	Weight.	Wool.	Shrinkage in scouring.
		Pounds.		*Per cent.*
May 18, 1888	H. B. & Co	18,901	Texas	76
Apr. 10, 1890	J. K. & Co	23,836	Oregon	69
Feb. 17, 1887	H. B. & Co	43,532	California	62
Apr. 28, 1887	C. Bros	17,424	Oregon	47
June 24, 1887	L. & M	30,425	Three-eighths blood	35
June 12, 1890	H. K. & Co	10,092	East India	16

It was part of my duties as superintendent to weigh the scoured and dyed wool in batches to the pickers, and this I did personally for the entire period of the test with the exception of about three weeks. This not only gave me a personal knowledge of the amount of material delivered, but enabled me to keep a separate record of the new stock and by-products, which was essential to accurate results. The test could have been continued longer, but it was brought to a close at the taking of the regular inventory on October 31, 1890, because at that time the spun yarn on hand was nearly equal to the yarn that had been purchased and used during that period. This condition would probably not occur at any future inventory, and, consequently, the account was made up at the end of 46 months.

A SUMMARY OF THE RESULTS.

The results are summarized in the accompanying statement. The first summary takes account of new stock only, the by-products being omitted, as they were taken into account when the original material was delivered to the pickers The finished cloth includes the cloth woven but unfinished on October 31, 1890, a deduction for loss in finishing being made at the average rate for the 46 months. This summary gives the loss of weight which can not be accounted for by any tangible material, amounting to 21.12 per cent of the weight of the scoured and dye material delivered to the pickers. In other words, 1.27 pounds of scoured wool produced 1 pound of finished cloth.

The second summary takes account of all material delivered to the pickers, whether new stock or waste products, and the loss here indicated, 35.11 per cent, includes both that which can be accounted for by tanglible by-products and that which can not. In other words 1.54 pounds of wool and waste products was delivered to the pickers for every pound of finished cloth prodced.

These are the results of what is probably the most extensive test ever made to determine the shrinkage in manufacturing wool goods. It was made because of its bearing on the tariff question. It necessitated a great deal of extra labor and care for the four years, from 1886 to 1890, and the record has been carefully guarded for over 18 years while waiting for the time for its publication to arrive.

Shrinkage in manufacturing carded woolen cloth, in pounds.

[Test made at the Hecla Mill, Uxbridge, Mass., during the 46 months from Dec. 31, 1886, to Oct. 31, 1890.]

Summary No. 1:		
New stock delivered to pickers—		
Wool (scoured and dyed)	1,087,616	
Camel's hair noils	600	
Waste (bought)	29,370	
		1,117,586
Yarn on hand Dec. 31, 1886	1,000	
Yarn bought	29,650	
		30,650
New stock delivered to the machinery		1,148,236
Stock on hand Oct. 31, 1890	46,213	
Stock sold	947	
		47,160
Stock consumed		1,101,076
Finished cloth		868,548
Loss (invisible)		232,528
Loss (invisible) per cent		21.12
Summary No. 2:		
New and old stock delivered to pickers		1,354,946
Yarn on hand Dec. 31, 1886, and bought		30,650
New and old stock delivered to machinery (gross)		1,385,596
Stock on hand Oct. 31, 1890, and sold		47,160
New and old stock delivered to machinery (net)		1,338,436
Finished cloth		868,548
Loss (visible and invisible)		469,888
Loss (visible and invisible) per cent		35.11

A LEGAL FICTION.

What are the conclusions to be drawn from this investigation? The most obvious one is that the present legal ratio of 4 pounds of grease wool to 1 pound of cloth is worthless, a legal fiction resting on a grease and dirt basis, capable of justifying almost any ratio that might be named. Take, for example, the second summary and the six lots of grease wool given above, used at the Hecla Mill. Is 6¾ pounds of grease wool required for 1 pound of cloth? Certainly; if it is such Texas wool as was bought of H. B. & Co. on May 18, 1888. Is 5 pounds of grease wool required for 1 pound of cloth? Of course; if such Oregon wool as was bought of J. K. & Co. on April 10, 1890. Is 4 pounds of grease wool required for 1 pound of cloth? Yes; if such California wool as was bought of H. B. & Co. on February 17, 1887. Is 3 pounds of grease wool required for 1 pound of cloth? To be sure; if such Oregon wool as was bought of C. Bros. on April 28, 1887. Is 2¾ pounds of grease wool required for 1 pound of cloth? Without a doubt, if such three-eighths blood wool as was bought of L. & M. on June 24, 1887. Is 1¼ pounds of grease wool required for 1 pound of cloth? Assuredly; if such East India wool as was bought of H. K. & Co. on June 12, 1890.

The average yield of cloth from grease wool, even if it could be known, could not be safely adopted for assessing duties on goods, because wool is used by the mills, not in lots of average shrinkage, but to suit the fabric to be made. One cloth may be made of the lightest shrinking wool; another, of the heaviest.

ANY RATIO IS POSSIBLE.

And this is not all. The grease and dirt basis has been legally made to expand far beyond the limits of shrinkage in scouring. The wool-goods schedule of the tariff law not only states that 4 pounds of wool, carrying widely varying proportions of grease and dirt, is required for 1 pound of cloth, but

Furthermore, the official conditioning houses in France refuse absolutely to make tests of this kind, contenting themselves with giving the results obtained by a test of the samples of grease wool that were submitted to them, but which the officials of the conditioning houses did not themselves draw from the lot of wool. Thus it will be seen the conditioning houses guarantee the yield of only the small quantity of the lot which was submitted to them, the interested parties—the buyer and seller—having full liberty to calculate the yield of the total quantity of wool. The operation carried on by the conditioning houses is as follows:

1. Weighing the sample submitted for the test.
2. Sorting the wool: (A) Wool in the grease. (B) Rejections, kempy, fribs, etc. (C) Various foreign materials falling from the wool—sand, straw, etc. These three classes of products are weighed separately.

Decreusage and conditioning.—From the sorts (A) and (B) one or several samples are drawn and subjected to decreusage and conditioning by the usual methods.

Average yield.—The partial results are combined and the calculation applied to the entire lot of wool.

Application.—Take for illustration, a lot tested at the conditioning house at Mazamet.

Net weight of sample as received, 60.585 kilos.

SORTING AND WEIGHING.

	Kilos.
(A) Body sort	46.250
(B) Rejections	13.300
(C) Impurities	0.875
Total	60.425
Invisible loss	0.160
Original weight	60.585

Two 1,000-gram samples are drawn, one from each of the two sorts (A) and (B), and after decreusage and conditioning show the following results:

	Grams.
(A) Pure wool	410.50
Water	155.90
Fatty and foreign matter	433.60
Total	1,000.00
(B) Rejections, pure wool	282.50
Water	166.70
Fatty and foreign matter	550.5
Total	1,000.00

From these results it is easy to calculate the partial yields:

	Per cent.
(A) Wool absolutely dry	41.05
Wool conditioned at 17 per cent	48.029

This represents the following yield for the body sort of the sample: 46.250×0.48029=22.213 kilos.

	Per cent.
(B) Rejections, wool absolutely dry	28.28
Wool conditioned at 17 per cent	33.088

This represents the following yield for the rejections of the sample: 13.300×0.33088=4.401 kilos.

AVERAGE YIELD.

(A) 46.250 kilos	22.213 kilos conditioned at 17 per cent.
(B) 13.300 kilos	4.401 kilos conditioned at 17 per cent.
59.55 kilos yields	26.614 kilos conditioned at 17 per cent.

Consequently the average yield of the sample is (26.614÷60.585) 43.93 per cent.

It is well to note that the certificate issued by the conditioning house at Mazamet refers only to the constituents of the sample submitted and is not applicable to the entire lot of wool from which the sample was drawn. These restrictions are entirely justified because the composition of a lot of grease wool is often very heterogeneous and the sample drawn can not be accepted as representing it. The large quantities of foreign materials sometimes found in the bales of grease wool have a material effect on the yield of the entire lot.

In this connection I will give the results obtained from a lot of grease wool from the department Isere, France, on which the experts had stated the yield to be 35 per cent:

	Kilos.
Grease wool, net weight	21,838.11
Stones, sand, vegetable matter, etc., removed by sorting	24.5
Rejections	229.05
Skin, kemp, etc	15.20
Total	268.75

The foreign matter is equal to 1.32 per cent of the net weight.

After scouring, decreusage, and conditioning the yield was 9,451 kilos of scoured wool, an actual yield of 43.69 per cent. As will be noted, this yield is 8.69 per cent greater than that stated by the experts.

The conditioning house at Vienne also made tests to determine the yield of samples of grease wool. Four samples, of 500 grams each, were drawn from one lot of grease wool of the same origin as the preceding lot, the experts estimating the yield to be 42.625 per cent. The determination of the humidity of the grease wool being impossible, the examiner proceeded immediately with the decreusage of the samples, reducing them to an absolutely dry weight. The four samples, of 500 grams each, yielded 238, 240, 243.5, and 247.5 grams, respectively, a total of 969.4 grams. This weight was reduced to a conditioned weight on the 17 per cent basis: 969.4×1.17=1,134.198 kilos. This shows an average yield from the samples of 1,134.198÷2,000=56.709 per cent.

When the entire lot was scoured it showed an actual yield of 48.6 per cent, which was 8.109 per cent less than that determined by the laboratory tests, and 5.975 per cent greater than the yield, 42.625 per cent, estimated by the experts.

Furthermore, the tests which have been made on the laboratory basis have invariably shown a yield greater than that actually obtained from the entire lot. It appears that in spite of all the precautions that may be taken, there is always a tendency when drawing the samples to select wool that is cleaner and lighter shrinking than the average of the lot. For these reasons this laboratory method of testing has not been adopted in practice. Up to the present time the great difficulty in drawing samples that will represent the average condition of an entire lot of wool presents a problem that has not yet been solved.

The only conclusion to be drawn from what has been said is that only a test of at least 1,000 kilograms of grease wool, on an industrial scale, will give a sufficiently close approximation of the value of a lot of grease wool so far as its yield is concerned. As for the estimates made by the experts, they are generally erroneous and always subject to caution.

WASHED WOOL.

Wools washed on the back of the sheep have been freed from the greater part of the impurities and soluble materials by rinsing the animals in running water. This operation takes place a few days before the shearing and imparts greater uniformity of condition to the wool. Washed wools are sold on a basis of the yield as fixed by experts and which is always subject to error. I will give particulars regarding a lot of wool washed on the sheep's back which came from the Jura region and on which the experts fixed a yield of 74.72 per cent. This wool was found to be made up as follows:

	Per cent.
Pure wool, absolutely dry	77.725
Fatty and foreign materials	7.2
Water	15.075
Total	100.00

When conditioned on a basis of 17 per cent yield of the lot was: 77.725×1.17=90.938 per cent.

The underestimating of the yield by the experts was (90.938—74.72)=16.218 per cent.

By reason of the greater uniformity in the condition of wool washed on the back of the sheep the operations of decreusage and conditioning, when carried on with samples of 100 to 500 grams, give a fair approximation of the actual yield of the entire lot. This is also true of wools pulled from sheepskins, as is done at Mazamet. On the other hand, pulled wools removed from the skins by chemicals are of an inferior value and are called "pelades." These low-quality wools carry about 20 per cent of lime.

SCOURED WOOLS.

Wools scoured in warm water are fairly free from grease and impurities and can be used in the carded woolen industry without further scouring. They are bought and sold on the basis of a yield fixed by experts whose estimates frequently vary from the actual yield obtained from the entire lot. This is shown by the following comparison of estimates and actual results in percentages obtained from three lots of scoured Australian wool:

	Lot 1.	Lot 2.	Lot 3.
	Per cent.	*Per cent.*	*Per cent.*
Yield given by experts	94.5	93.5	89.5
Pure wool, absolutely dry	81.132	83.232	78.393
Fatty and foreign material	5.170	1.802	7.900
Water	13.698	14.966	13.707
Total	100	100	100
Yield conditioned 17 per cent and 1½ per cent	96.349	98.843	93.090

In every case the yield given by the experts is less than the actual yield.

CONCLUSIONS.

From what has preceded we can reach the following conclusions:

1. *Grease wools.*—The laboratory tests when with small samples always show a yield greater than the actual yield.

When making scouring tests of a certain number of bales on an industrial scale the result is within one-half of 1 per cent in the majority of cases.

2. *Washed and scoured wools.*—The tests of small samples drawn carefully from the bulk of the lot gives a result close to the natural yield.

In all cases the tests should be completed by conditioning the wool by the usual methods.

In all cases the yield indicated by experts is erroneous.

3. *Remarks.*—In many sales of scoured wool the following clause is inserted in the contract:

"Scoured wool conditional on a basis of 17 per cent with the regular tolerance of 1.5 per cent for fatty materials."

This means that 100 parts of pure wool absolutely dry is invoiced at (100×1.17×1.015) 118.755 parts.

As will be easily understood, this clause in the contract makes the 1.5 per cent of fatty material subject to the 17 per cent regain as if it were wool fiber. In all the purchases of army goods by the French quartermaster department this tolerance of 1.5 per cent is required, the plain effect being to make the regain 18.755 per cent instead of 17 per cent.

CAMEL, ALPACA, AND LLAMA HAIR.

[Paragraphs 1101 and 1102.]

STATEMENT OF J. S. RADFORD, HOUSTON, TEX., REPRESENTING THE ORIENTAL TEXTILE MILLS.

Senator McCumber. Mr. Radford, please give your name, address, and business to the reporter.

Mr. Radford. John S. Radford, Houston, Tex. I represent the Oriental Textile Co.

Senator McCumber. Your address here is given as 50 Church Street, New York City.

Mr. Radford. Yes. That is our New York office. My home is Houston, Tex., and the factory with which I am connected is located at Houston, Tex.

Senator McCumber. Do you wish to speak on paragraph 1101 and the following?

Mr. Radford. Yes. I want to address the committee on the classification of camel hair, alpaca hair, and llama hair.

In tariffs previous to that of 1913, and in the Payne-Aldrich bill particularly, China camel hair, alpaca hair, and llama hair were placed in class 2 at a higher rate of duty than the fine clothing wools in class 2, whereas Russian camel hair, almost identical with China camel hair, was placed in class 3, grouped with the other coarse carpet wools to which it bears a close analogy, being almost identical with it.

So I have prepared a short brief, and I should like to address myself to those three items, if you will permit me to do so.

Prior to the World War Russian camel hair was imported into this country for the making of certain carpet, belting, and similar specialities, and in all tariffs prior to that of 1913 was properly classified as a coarse carpet wool with class 3 wools, whereas China camel hair, almost, if not entirely, identical with Russian camel hair, was placed with class 2 wools, calling for even a higher rate of duty than the fine wools in class 1 for dress goods and suiting purposes. Alpaca hair and llama hair were likewise placed with class 2 wools, calling for the same high rate of duty as China camel hair, and despite the fact of the bulk of these three mentioned fibers being more nearly identical with Russian camel hair and other coarse class 3 wools than any other wool fibers the importation thereof into this country was made prohibitive. Moreover, there are not any wools produced in this country to which they bear any similarity or analogy or with which they, or the yarns or fabrics made of them, come into any feature of competition. Consequently, for such reasons alone, all China camel hair, alpaca hair, and llama hair, prior to the passage of the 1913 tariff, were thus excluded from this country and were marketed in Europe, depriving this Government of the collection of duties there against and our American manufacturers from making the specialties into which they enter; whereas, if these low, coarse wools had been properly classified, in line with other similar carpet wools, in class 3, they could have been imported into this country for the making of coarse yarns and the coarse-fabric specialties mentioned, and the

Government could have thereby collected tremendous duties and benefited by a large additional revenue without any tariff complications whatever.

There is practically no difference between Russian camel hair and China camel hair, while the alpaca hair and llama hair are more nearly analogous to camel hair than to any other known wool or hair fibers. Therefore, in the framing of the new permanent tariff by the present Congress we shall hope that due consideration will be given to our representations with respect to the foregoing, so that Russian camel hair, China camel hair, alpaca hair, and llama hair all may be placed for dutiable purposes in class 3 wools—that is to say, all grouped together with carpet wools and under such classifications as may be given carpet wools, so that prior incongruities in the American classification of wool groups may now become properly balanced and remedied.

WOOL ON THE SKIN.

[Paragraph 1102.]

STATEMENT OF T. F. HARRINGTON, REPRESENTING J. J. HARRINGTON & CO., NEW YORK CITY.

Senator McCUMBER. Will you kindly give your name and address to the stenographer?

Mr. HARRINGTON. T. F. Harrington, New York City. I represent the wool-pulling industry.

Senator LA FOLLETTE. Have you any other address than New York City?

Mr. HARRINGTON. Plainfield, N. J.

Senator McCUMBER. I did not quite catch the business in which you are engaged.

Mr. HARRINGTON. Wool pulling.

Inasmuch as you are now considering the wool tariff schedule as passed by the House of Representatives, and as this schedule provides only for a differential of 1 cent a pound clean content in favor of wool imported on the skin, as set forth in Schedule 11, paragraph 1102, we wish to bring to your attention the disadvantage under which the wool-pulling industry of this country will be placed if this industry does not receive a much larger differential.

This differential of 1 cent a pound is practically of no benefit to us in the importing of wool on the skin.

In order that we may make clear to you the disadvantage our industry would be placed under, I wish to put before you the following facts:

First. The cost of pulling is approximately 22 cents per skin. This is the cost that wool on the skin must assume, which does not have to be borne by imported fleece or shorn wool. The average weight of wool pulled from imported skins is approximately four and a half pounds per skin. This is approximately an additional cost of 5 cents per grease pound over and above the cost of the imported fleece or shorn wool.

Second. Wools on the skin are uniformly of heavier shrinkage than shorn wools of the same class, due to the blood and dirt which

is taken up by the skin in the process of slaughtering, and all tag locks are left on the wool on the skin, while they are eliminated from the fleece wool in the shearing. We might also call attention to the fact that all wools purchased abroad for importation are selected especially for their light shrinkage and freedom from these tag locks and skirts.

Third. Under the Payne-Aldrich bill it was practically impossible to import sheepskins carrying class 1 wools with the differential of 1 cent per pound on wool in the grease in competition with the fleece or shorn wools. This bill specified class 1 wool dutiable at 11 cents per pound, and class 1 wool on the skin at 10 cents per pound, making a difference of approximately 10 per cent, while, on the other hand, the differential in the proposed Fordney bill makes a difference on the clean content of only 1 cent, from 25 cents to 24 cents, or only 4 per cent. This, as you will see, places our industry even at a greater disadvantage than the Payne-Aldrich bill.

We ask that in the proposed bill the difference between wools on the skin and other wools be recognized, and a differential made that will be in keeping with the additional cost borne by the pulled wool, as well as the difference in the condition of the wool on the skin as compared with the fleece or shorn wool.

It is admitted that wools will have to be imported to supply the deficiency between home production and home requirements. This being so, we believe it is in keeping with the best interests of labor as well as the best interests of a prosperous and thriving industry that every encouragement be given to the importation of wool on the skin.

There is another feature which we wish to call to your attention, and which has a very important bearing from the labor standpoint. There is in addition to the pulling of wool from these skins the process of pickling and preparing the skin for the tanner. This forms quite an important part of the industry. If the differential in the rate of duty is not sufficient to permit us to import these skins, they would be pulled in foreign countries and the pickled skins would be imported free of duty and labor, would loose the benefits it would derive from the pulling of them here, and the industry suffer accordingly.

In conclusion, while we do not wish to be understood as asking for any rate of duty that will lessen the protection due to the wool-growing interest of the country, we do feel that the pulling industry should not be placed at any disadvantage as compared with the importers of fleece or shorn wool, and as the costs which we have placed before you show that our industry under an equal rate would be discriminated against to the extent of 5 cents per grease pound, or its equivalent, on the scoured content, which is about 8 cents per pound, we submit our claim for your consideration. I might add that I represent the following-named concerns: Traugoot, Schmidt & Sons, Detroit, Mich.; J. J. Harrington & Co. (Inc.), New York City; J. M. & P. Scanlon, New York City; New York Veal & Mutton Co., New York City; Aaron Levy & Co., Brooklyn, N. Y.; J. C. Malone (Inc.), Jersey City, N. J.; Nagle Packing Co., Jersey City, N. J.; Winslow Bros. & Smith Co., Norwood, Mass.; Helburn Thompson Co., Salem, Mass.; Rosenthal Bros., Columbus, Ohio;

Rosenberg, Happ & Siegel, Baltimore, Md.; B. Steinharter & Sons, Cincinnati, Ohio; Pittsburgh Wool Co., Pittsburgh, Pa.; M. Bernstein & Co., Camden, N. J.; Bissinger & Co., San Francisco, Calif.; and L. Kaufman & Co., of Los Angeles.

Senator SMOOT. Of course, you know it does cost something to have the wool sheared.

Mr. HARRINGTON. In Europe?

Senator SMOOT. In this country or anywhere else in the world.

Mr. HARRINGTON. Oh, yes.

Senator McCUMBER. Does it cost more for the pulling than it does for the shearing?

Mr. HARRINGTON. Oh, yes; much more.

Senator SMOOT. It costs what, did you say?

Mr. HARRINGON. It costs more to pull. The cost of pulling is 22 cents apiece.

Senator McCUMBER. That would be 22 cents for 4½ pounds?

Mr. HARRINGTON. Yes.

Senator LA FOLLETTE. Describe that process.

Mr. HARRINGTON. Very well, sir.

The first process is the soaking and softening of the skin. These skins practically all come in in a dry condition. They are put through the soaking process to soften them. Then they are washed on the fresh side of the skin, and then we apply a solution of lime and sodium or lime and arsenic. There are two or three different processes. Then they remain in that condition for 24 hours, and after that——

Senator LA FOLLETTE. How much hand work is there in the two processes?

Mr. HARRINGTON. It is all hand work.

Senator LA FOLLETTE. Is the washing done by hand?

Mr. HARRINGTON. Yes; the washing is done by hand.

Senator LA FOLLETTE. In tubs?

Mr. HARRINGON. In tubs, with a paddle wheel. It is done by a machine, a washing machine, but it is all hand work. After painting or applying the solution of lime and sodium, it goes to the puller.

Senator LA FOLLETTE. Just a moment. How is that applied?

Mr. HARRINGTON. By a whitewash brush on the fresh side of the skin. It is put on by hand. Then it goes to the puller, who pulls the wool and sorts it into different grades.

Senator LA FOLLETTE. That is all pulled by hand?

Mr. HARRINGTON. Yes. Then the wool is dried and is soon ready for the market. That process costs about 22 cents.

Senator SMOOT. This differential is based upon the scoured basis, without dirt.

Mr. HARRINGTON. We forgot that in our brief. We forgot to say that we would request the equivalent of the scoured content, which would be approximately 8 cents per pound. I am assuming that the average shrinkage is 40 per cent.

Senator LA FOLLETTE. If you want to make any change in your statement you are at liberty to do so.

Mr. HARRINGTON. I shall do that later, Senator.

Now, the situation is this, to sum the whole thing up: The importer, in importing his wools, has no labor cost at all attached to

the wool except warehousing, interest charges on his money, and overhead. In addition to that we have the manufacturing charge, if we see fit to call it so, of 22 cents apiece. They do not have that. These skins are bought in Europe. The price is based on the value of the wool. We come directly into competition with the shorn wool, which, after it arrives here, has not to bear that burden.

We are not treading on anybody's corns. We are asking simply for the privilege of being in a position to import our wools on the skins at no greater cost. It does not affect the flock master. There will be so much imported here. Assume that there are 300,000,000 pounds. We are using 800,000,000 pounds. It would be necessary, therefore, to import 500,000,000. We want the right to import our share of that at no higher cost than the imported cost.

Senator SMOOT. Do you pull the domestic wool?

Mr. HARRINGTON. We pull the domestic as well as the imported wool.

Senator SMOOT. What is the proportion in your business of the domestic and foreign?

Mr. HARRINGTON. Individually? Do you mean in my own personal business?

Senator SMOOT. Yes, sir; in your own business.

Mr. HARRINGTON. Probably 25 per cent is imported. That, however, is not true of the others, I think. Probably 30 per cent would cover the entire industry. Perhaps not more than 30 per cent of the skins pulled in this country are imported. That does not apply to carpeting stuff. We do not handle that. That is handled mostly by tanners, and their work is pretty much done by machinery. There is no selection or grading of wool in it.

Senator MCLEAN. If wool can be sheared for half what it costs to pull it, why isn't it all sheared?

Mr. HARRINGTON. You would lose a certain percentage of the skin.

Senator SMOOT. You would lose the pelt.

Senator MCLEAN. You don't lose the pelt when you shear sheep. You have the pelt just the same.

Senator SMOOT. You have to get it out.

Senator LA FOLLETTE. You can not do it unless you use squeezers.

Senator MCLEAN. You can shear it before you kill it, can't you?

Mr. HARRINGTON. You would lose approximately three-quarters of a pound.

Senator MCLEAN. Are your pelts worth more where the wool is pulled than where the sheep is sheared before he is killed, or do you have to pull all the wool?

Mr. HARRINGTON. We have to pull all of it.

Senator GOODING. I would like to ask the witness to state about the weight of the sheepskins; that is, after the wool is pulled.

Mr. HARRINGTON. It would have no bearing on the original weight of the skin. After we pull the wool we lime it for several days. It is put into lime vats and then it is cured and all foreign matter is removed from it.

Senator MCCUMBER. I do not think you understood Senator Gooding's question. He desires to know about the weight of the pelt after the wool is taken off.

Senator GOODING. The skin itself.

Mr. HARRINGTON. Before or after the wool is removed?

Senator GOODING. In its last stage.

Mr. HARRINGTON. Fifty per cent wool, 9 pounds skin, gives you 4½ pounds of wool.

Senator McCUMBER. The wool weighs about 50 per cent?

Mr. HARRINGTON. Yes; about 50 per cent of the dry skin. That is what the Treasury Department assessed on the wool.

Senator McCUMBER. That would make the whole thing weigh about 9 pounds?

Mr. HARRINGTON. Yes, sir.

Senator McCUMBER. Mr. Harrington, you speak also for Mr. Cook, do you not?

Mr. HARRINGTON. Yes, sir; I speak for Mr. Cook also.

RAW WOOL.

[Paragraph 1102.]

STATEMENT OF J. F. WALKER, SECRETARY OHIO WOOL GROWERS' ASSOCIATION, MEMBER OF THE GOVERNING BOARD OF THE NATIONAL SHEEP AND WOOL BUREAU, GAMBIER, OHIO.

The CHAIRMAN. Mr. Walker, will you please state your full name for the committee?

Mr. WALKER. My name is J. F. Walker; my address, Gambier, Ohio.

The CHAIRMAN. What is your occupation?

Mr. WALKER. I am secretary of the Ohio Wool Growers' Association and member of the governing board of the National Sheep and Wool Bureau, and this statement that we are presenting at the present time will be presented on behalf of the National Sheep and Wool Bureau,, an organization covering a great many woolgrowers' associations, particularly in the East.

The CHAIRMAN. You may proceed in your own way, Mr. Walker, and state your views and that of your associates.

Mr. WALKER. In presenting this statement for the consideration of your committee it is not our intention to go into the matter of the necessity of the protection of the sheep industry of the United States at great length.

We believe there is no fair-minded person but will agree that it is an industry not only advantageous in promoting the best interests of the country, but one that is absolutely indispensable to welfare; practically the only industry serving in the dual capacity of providing both food and clothing, an industry that has been developed through the application of the principles of protection. Evidence beyond controversy has been repeatedly submitted before every committee holding hearings on wool tariff schedules bearing out the truth of this statement.

So vital was the necessity for wool in 1918 that the Government took over the entire wool supply of the United States, and, quoting Gen. Peyton C. March, United States Army, page 12, Wool and Rag Trade Report of the Federal Trade Commission:

Just one instance: Take the mere question of uniforms. We must commandeer, and have done so, all of the wool of the United States, and have

taken the wool of the Argentine. We are going to put the whole civilian population on shoddy for the next year, but you can not do this thing offhand.

The humiliating spectacle of a nation like the United States putting its civilian population on shoddy, and even using shoddy and other substitutes for its Army requirements the first year of the war, should never be repeated. What if the war had gone on four or five years?

The Republican Party recognizes the fact that sheep husbandry is a vital industry, and promised to protect it, as the following communication sent out by the Republican national committee clearly demonstrates:

To the Wool Growers:

The wool industry is of vital importance to the Nation. Without wool we can not clothe our people. Mutton is a helpful and nutritious food and rapidly growing in popularity.

If we are able to build up a self-sustaining sheep husbandry our ranchers and farmers must be protected from unfair competition from those countries where the cost of production and the standards of living are much lower than here.

The Republican Party is pledged to protect the woolgrower through an adequate tariff representing the difference between the cost of production here and abroad.

The Democratic Party has always advocated a tariff for revenue only, and so far as the sheep industry is concerned has several times opened the door to free entry of wool, with consequent disaster to the home producer.

Under proper protection and development, there is no reason why our farms and ranches can not grow all the wool required to meet the necessities of our rapidly increasing population. Authorities tell us that we have room for 150,000,000 sheep to provide this need.

The Republican Party promises to give the sheep industry of these United States a square deal.

We believe that the Republican Party meant what it said in this communication, and that your committee to-day is interested in two major premises: First, what shall be the basis for determining the duties on wool; and, second, what "constitutes an adequate protective tariff, representing the difference between cost of production here and abroad?"

Woolgrowers have long contended that the duty on wool should be specific in nature, rather than ad valorem, for the following reasons:

A conclusive objection to ad valorem duties is that when foreign wools decline in price, and thereby produce the greatest need of a protective duty, the least protection is given, and when foreign wools advance in price, and the need of protection grows less, the greater protection is given—thus the ad valorem system is illogical.

Manufacturers of woolen fabrics have recognized this, and Mr. S. N. D. North, secretary of the National Association of Wool Manufacturers, in the hearings before the House Ways and Means Committee, second session, Fifty-fourth Congress, made the following statement:

The wool manufacturer asks, then, that whatever protection is given him may be given, in part at least, in specific form, so arranged that the opportunity and inducement to undervaluation shall be reduced to a minimum and the law shall operate with certainty, exactness, and equity.

In the tariff hearings before the House Committee on Ways and Means, Sixty-second Congress, John P. Wood, president of the Na-

tional Association of Wool Manufacturers, on being asked by Congressman Hill—

What kind of a rate do you recommend, ad valorem or specific?

Referring to woolen fabrics—replied:

We recommend a specific rate with certain cloth, and where it is impossible to recommend a minimum we recommend a compound duty.

And, again quoting from tariff brief submitted by the National Association of Wool Manufacturers at same hearings:

A duty, to afford protection to an industry, must equal the difference between foreign and domestic conversion cost. That difference is, in respect to any given article, a constant factor. The only duty that will always equal such difference must therefore be a constant and the only form of duty that meets these requirements and is one that is specific in form—that is, one that is assessed at so much per unit of quantity, as, for example, per pound, per square yard, per gallon, or per cubic foot, according to the nature of the commodity.

If the duty is in ad valorem form—that is, assessed as a percentage of the value of the commodity—the amount of duty is variant, fluctuating constantly with changes in the cost of raw material of which the commodity is made. Low prices of raw material are constantly coincident with depressed business.

We have already noted how low prices are coincident with business depression—

And at such a time, when competition is most severe, profits disappear, decreasing duty on an ad valorem rate invites new and killing competition to the domestic producer, and the fall in domestic prices, being accelerated by a simultaneous proportionate fall in the amount of duty, causes increased distress to merchants through the greater loss in the liquidation of their stocks of merchandise.

Per contra, rising prices of raw material are usually coincident with active business and abundant demand. At such times competition is reduced to a minimum, for there is enough trade for all. Under such circumstances the rise in prices is apt to be stimulated beyond an increase in cost of raw material by augmented profits; and it is under such conditions that increased competition is needed to protect the buyer from exorbitant advances. If, however, the duties are in ad valorem form, competition is more effectively barred than ever, for the higher the raw material goes the greater the foreign cost, and so the more is the amount of duty produced by the ad valorem rate. Then it is that the domestic producer receives not only the protection normally needed but has the protective duty enhanced so that with the active demand then existing it may enable him to augment his normal profit. The effect of the specific duty is quite the reverse, for remaining as it does at one level, if domestic prices tend to advance too much, the doors to foreign competition automatically open and an effective check is at once imposed upon any increase in domestic prices beyond that made necessary by increased cost of raw material.

From the point of view of the Government, specific rates are greatly to be preferred, the important consideration being that its revenue should be stable and dependable. We have already noticed that low prices are coincident with dull business. Consequently, at the very time when the volume of importations and the revenue produced thereby are greatly reduced because of a depressed condition of business, the revenue is still further depleted because the duty has to be computed as a percentage upon low prices.

Whether considered as a matter of protection to domestic manufacturers or as one of Government revenue, ad valorem duties are so susceptible to the fraud of undervaluation as to be highly objectionable. It is undoubtedly true that customs frauds have been perpetuated in respect to commodities that were subject to specific duties, but such frauds involve connivance upon the part of persons engaged in the customs service, and a proper vigilance on the part of the Government officials ought to make such collusion nearly impossible. Moreover, such frauds of collusion are just as possible with ad valorem as with specific duties, while through undervaluation, without participation by any agents of

the customs, ad valorem duties permit vastly greater frauds in addition to such as may be effected by corruption.

Because to the serious objection to ad valorem duties practically every Secretary of the Treasury for the last half century, irrespective of party, has at one time or another advocated the use of specific rather than ad valorem rates. In Appendix III we take leave to quote some of the opinions officially expressed by Treasury officials. Honest importers have been equally urgent in opposing the use of the ad valorem form in any cases where the specific could be applied; we subjoin also some notable opinions from this interest.

So objectionable from every point of view have ad valorem duties been found that other Governments have adopted it as a settled policy that, whenever practicable import duties should be laid in specific form. A recent investigator of this subject has written: "The German has 946 numbers, all specific."

If, then, the duty be specific in character, shall it be on a clean or grease basis?

For many years the woolgrowers have insisted that the duties on wool should be specific, based on the clean content rather than on grease. For the reason that specific duties based on grease values permitted the importation of light shrinkage and skirted wools, which were worth much more than the heavier shrinking domestic wools, these to a large degree deprived the grower of the protection which, under previous Republican tariff acts, it was intended he should have. Further, all wools are purchased by manufacturers on a clean-content basis, and are only worth to him the percentage of clean wool they contain, as the by-product is comparatively valueless and normally does not much more than pay for cost of recovery and scouring.

The report of the Tariff Board of 1911, page 14, contains the following paragraph:

Much of the objection to the present compensatory duty as giving excessive compensation would be removed by putting the duty on wool on the scored basis instead of on the grease pound. The compensatory duty in that case would be adjusted to clean content in case of all-wool goods at least and would be entirely independent of disputed grease-wool shrinkages.

The present Tariff Commission reaffirms this statement of the Tariff Board in the following language, page 26, in the Woolgrowing Industry:

Furthermore, no matter which branch of the industry is more adversely affected by discrimination against the heavy-shrinking wools, conditions will be equalized by imposition of the duty upon the scoured content. This would do away not only with discrimination between heavy-shrinking and light-shrinking wools, but also with the discrimination against scoured wool, which resulted from the triple duty on it. This has been cited as discrimination against the woolen branch of the manufacturing industry, which brought more wool in the scoured condition than did the worsted branch.

The Tariff Board objected to an ad valorem duty, not only because of the difficulty in administering it, but also when prices increase and protection is less needed the ad valorem duty rises, while a specific duty when prices are high becomes in effect a lower duty. When prices fall, the converse of this proposition applies. In this way the ad valorem duty on wool gives the domestic woolgrower less protection when he needs more, and vice versa. Some manufacturers have, however, opposed this reasoning on the ground that the situation is entirely to the woolgrowers' interest, while from the manufacturers' point of view an ad valorem duty would tend to equalize conditions for them in competition with foreign manufacturers. Inasmuch as their criticism is directed against the duty on wool, their reasoning seems illogical, as the compensatory duty is intended solely to offset their higher costs for raw material. A duty on the scoured content of imported wools could only raise domestic wool prices by the amount of the duty, and a proper compensatory levy on importations of manufactures of wool is all that is necessary to offset this, irrespective of the rise or fall of world prices for wool.

And again, on pages 396 and 397, report of Taft Tariff Board:

The proposal to levy a duty on the scoured pound of wool implies that it is possible to select samples that are fairly representative of a consignment of wool, and to ascertain the clean content of the consignment by scouring and conditioning such samples. It also implies the establishment of conditioning houses to be maintained by the Government at leading ports of entry. The Tariff Board has carefully investigated the matter and. with the aid of the Bureau of Standards, has reached the conclusion that it is not only possible, but it is relatively a simple matter to test wool by sample at the time of importation. It has also ascertained that the machinery required for scouring and conditioning the wool in small lots is inexpensive and could be promptly installed, and the cost of operation would be light. If Congress should deem it wise to adopt this method of collecting duties upon raw wool, it would seem that the details necessary for its prompt, efficient, and economical administration may safely be left to the proper administrative officers of the Government.

Samuel S. Dale, editor of the Textile World Record, Senate Document No. 38, May 7, 1909, very clearly brings out the contention of the growers that the grease specific duty has worked to their advantage, as follows:

Q. Mr. Dale, you have here two samples of wool. Will you kindly describe them?

A. One is a sample of Cape wool received a few days ago from London by way of Bradford. The estimated shrinkage in scouring is 70 per cent, yielding 30 pounds of scoured wool from every 100 pounds of grease wool. The other is a sample of English wool washed on the sheep's back, the estimated shrinkage being 20 per cent, yielding 80 pounds of scoured wool from every 100 pounds of grease wool. The duty on the wool like the first sample is 11 cents a grease pound, or 33 cents a scoured pound. The duty on the wool like the second sample of English wool is 12 cents a grease pound, or 15 cents a scoured pound. Equally wide variations in shrinkage occur in wools of the first class, it being possible to find wools of class 1 shrinking as high as 80 per cent and as low as 20 per cent. In one case the buyer gets 20 pounds of scoured wool from 100 pounds of grease wool; in the other case he gets 80 pounds of scoured wool from 100 pounds of grease wool. And yet the Dingley law imposes a duty of 11 cents a grease pound, $11 per 100 pounds, in each case. Thus the user of the first lot pays a duty of $11 on 20 pounds of clean wool, while the user of the second lot pays the same duty ($11) on 80 pounds of clean wool. I have, however, selected samples of both classes (1 and 2) in order to illustrate the inequality in the present tariff on washed and unwashed wools. A duty on wool should be judged by the amount per scoured pound. The Dingley law fixes the duty on scoured wool at 33 cents a pound, which is supposed to be the protection granted the American woolgrower. As a matter of fact, however, practically no wool is imported in the scoured condition, while none of the imported grease wool, on which the duty is 11 cents a pound, shrinks in scouring over 55 cer cent, the bulk of shrinking being much less than that.

Under the operation of all tariff measures fixing the duty on a specific grease basis we find the grower deprived of a portion of the protection which the law assumed that he would have, and which the consuming public believed that he received. This was true from the fact that the average shrinkage of wool in the United States has been estimated at approximately 66⅔ per cent, or that it takes 3 pounds of grease wool to produce 1 pound of clean wool. This has been taken as a basis in the wool-tariff bills, so we find a provision for three times the grease duty on scoured wools. The Payne-Aldrich bill provided for 11 cents per grease pound or 33 cents per clean pound. What happened? Manufacturers began importing only wools with a light shrinkage, and wools "prepared especially for American trade" began to appear. These wools were those from which the heavier shrinking portions had been removed, leaving only

the choicest, lightest shrinking parts of the fleece, or "skirted wools," as the trade termed them.

An interesting comparison of the shrinkage of these wools, as compared with the domestic wools, or even wools produced in the same country but exported to other countries than the United States, appears in the following table.

Shrinkage per cent.

[Report of Taft Tariff Board, pp. 383-384.]

Grade.	United States mills.		South American.		Australian.	
	Territory wools.	Fleece wools.	United States mills.	For mills.	United States mills.	For mills.
Delaine and fine clothing	67.25	60	47	59.9	48.22	58.82
One-half blood	62.28	[1] 55	49.44	55.81	43.13	.....
Three-eighths blood	53.83	[1] 50	33.93	.....	37.26	.....
One-fourth blood	48.09	[1] 45	33.17	36.44	29.40	.....

[1] Shrinkages filled in on estimated shrink of these grades, Bureau of Markets.

The above table shows that the fine wools of the United States shrinking from 60 per cent to 67 per cent came directly in competition with imported wool shrinkage 47 per cent to 48 per cent, and so on down the line.

Our quarter blood shrinking 45 per cent to 48 per cent competing with foreign wools shrinking from 30 per cent to 33 per cent or approximately one-third of the difference in clean yield, while the heavier shrinking wools of foreign countries, comparing favorably in shrinkage with our wools, were used outside the United States. So, while the manufacturer received a compensatory duty based on 33 per cent clean pound, he actually imported wools paying as low as 14 cents a pound clean.

Recognizing these facts, the Ways and Means Committee of the House, in drafting the present wool schedule, have placed the duty on a clean-content basis. However, in determining the amount of duty on a protective basis, we feel that it is inadequate, as figures of cost production as between this and foreign countries will show. And the further provision "that none of the foregoing shall pay a higher rate of duty than 35 per cent ad valorem" virtually abrogated the 25 cents clean duty on 70 per cent of our domestic wools and fulfilled the scripture that "To him that hath not shall be taken away even that which he seemeth to have." The only exception to this being the heavier shrinking fine wools, which on present value of 32 cents per pound in the grease on delaine combing and 27 cents per pound grease on fine clothing means, respectively, an ad valorem duty of 28.8 per cent and 26.9 per cent.

I may say to the committee that we prepared this table in August, as we understood that the hearings were to take place shortly after that time, and there is a slight variation in the figures that we have submitted, but very slight. The proposition still holds true. In other words, whenever clean wools are worth 71.4 cents per pound the ad valorem of 35 per cent equals the duty of 25 cents a pound clean. An advance in price over 71.4 cents per pound clean means that the ad

valorem rate decreases by virtue of the fact of the 25 cents per pound clean-content provision. For example, were wools worth $1 per pound clean, the ad valorem duty would be 25 per cent. If they were worth $1.25 per pound clean, the ad valorem duty would be 20 per cent. Should they go to $2 per pound clean, the ad valorem duty would be further reduced to 12½ per cent.

As the bill now stands, the grower is limited in his protection on his low-priced wools by virtue of the 35 per cent ad valorem clause, and on his high-priced wools by the 25 cents per pound clean-content clause, as no matter how high wool values may go the duty can never exceed 25 cents per pound clean, which interpreted on an average shrinkage on all classes of wool produced in the United States means an average of between 10 cents and 11 cents per grease pound.

In the Daily News Record of July 18, the National Association of Wool Manufacturers issued a statement, from which the following is quoted:

The Fordney tariff bill of 1921 was submitted to the House of Representatives by the Committee on Ways and Means on June 29. So far as the wool and wool-products schedule is concerned, the outstanding feature is its inconsistent and haphazard character. It can be deduced from internal evidence that whoever drew the schedule was wholly unfamiliar with the wool-manufacturing industry. Moreover, whoever drew the schedule was not able, for one cause or another, to hold consistently to any definite policy. The whole apparent underlying principle, if the schedule has one, is that the Payne-Aldrich rates should be increased on raw material and decreased as much as possible on manufactures.

The duty on clothing wools is put at 25 cents a pound regardless of the fact that the price of these wools in the American market will range from less than 10 cents to more than $1 per pound. The proviso limiting the amount to 35 per cent of the American value of the wools was necessary to keep the wool duty from reaching indefensibly high ad valorem equivalents on wools of low value. Granting that the woolgrowers are entitled to a maximum of protection and that the maximum permissible in any schedule is the Payne-Aldrich rate, the course of obvious wisdom would have been to put the duty on unmanufactured wool on the Payne-Aldrich basis.

The real mistake, however, is in the adoption of the flat rate of duty for a product with extreme variations in value. The flat rate which was adopted put the ad valorem equivalents of the wool duty far above those ever levied in any former wool schedule. The remedy for this situation in connection with the wool duty is to return to the system of collecting wool duties which has been in successful operation for over half a century. Put the duties on grease wool with proper corresponding rates for washed and scoured wool.

The most conspicuous fact about the rates on manufactures is that they are not protective. They are merely revenue rates.

Some of the statements in this article are misleading, and should not be allowed to go uncontroverted. Referring to the statement that "The apparent underlying principle of the schedule is that the Payne-Aldrich rates should be increased on raw material," an analysis of the Payne-Aldrich bill shows that throughout it was based on a duty of 11 cents per grease pound, and 33 cents per clean pound. The manufacturers' compensatory, as before pointed out, was on the 33 cents per clean-pound basis, as their statements repeatedly show that it required 3 pounds of domestic grease wool to make 1 pound of clean wool. The grease duty on American wools based on this shrinkage at 25 cents per clean pound is 8⅓ cents per grease pound, or 2⅔ cents per grease pound less than under the Payne-Aldrich bill. One of two things is very apparent, either these rates

are lower on a whole than the Payne-Aldrich rates or manufacturers in determining their compensatory duties in the past have not correctly stated shrinkages on domestic wools, on which their compensatory duties were based. Second statement:

The duty on clothing wools is put at 25 cents per pound, regardless of the fact that the prices of these wools in the American market will range from less than 10 cents to more than $1 per pound. Therefore, the ad valorem limiting clause of 35 per cent was absolutely necessary to prevent loss from original indefensibly high ad valorem equivalents on wools of low value, and the course of obvious wisdom would have been to put the duty on manufactured wool on the Payne-Aldrich basis.

It is very evident that an abnormally wide range of values, due to great accumulation of certain grades of wool, is taken advantage of in this statement, and growers are interested to know just what class of wools are worth $1 per pound or more in the American market to-day. But, assume that to be the case, we find an ad valorem equivalent based on low-grade South American, present value 11 cents per grease pound, clean value 16.41 cents per clean pound, of 160 per cent. This is the extreme case in quantity of production and is so by virtue of the fact that these wools are very light in shrinkage. The protection to the grower in the United States on this grade of wool would be 13¾ cents per grease pound based on the domestic shrinkage, which would still permit these wools to be sold to manufacturers at a cost of 41.14 cents per clean pound—surely not an excessive price. Our wool of the same grade would sell in competition at 23.1 cents per grease pound to the manufacturer. Under the Payne-Aldrich bill these wools would carry a duty of 11 cents grease or 100 per cent ad valorem equivalent grease value, or 33 cents clean or 200 per cent ad valorem equivalent based on clean value of 16.41 cents.

As we advance into wools showing greater shrinkage the proportional ad valorem equivalent greatly decreases, until an average covering all wools shows an actual protection of between 10 and 11 cents per grease pound based on actual shrinkage. There can, therefore, be no advantage in assessing duties on the grease basis so far as ad valorem equivalents are concerned, the only advantage is that under a flat-rate grease duty manufacturers would still continue to import light-shrinkage wools at nominal duties while getting compensatories based on 25 cents per clean-content duty. Third:

The most conspicuous fact about the rate on manufactures is that they are not protective.

We are equally as much manufacturers as the man who watches scoured wool run through a machine and be carded into tops, the spinner who makes it into yarn, the weaver, etc. Each of these operations may require a very short period of time, but it takes 365 days to manufacture a fleece of wool. It requires the skill and the knowledge to know how to grow a good, serviceable staple, and also how to produce work of a certain grade or character. It is not a haphazard product, not in any sense of a raw material, but has been developed from a coarse, hairy product, yielding 1 or 2 pounds per sheep, to one of the finest fabrics known in the textile trade, yielding six to eight times its original weight per sheep. The men that have been responsible for this metamorphosis are certainly not to be

in foreign countries on much cheaper costs, but he has also the competition of his own second-hand product, shoddy, whose production is greater in this country than all the virgin wool produced therein, to contend with. As previously stated, we are not asking for a duty that will adequately protect the wool producer under present conditions; we are asking for a bill that will afford him a fair chance under normal conditions, and this the Fordney tariff bill signally fails to do. The following table shows what it actually accomplishes:

Analysis of wool schedule in the Fordney tariff bill.

[Bureau of Markets, Department of Agriculture. Prices quoted from Boston trade papers of July 6, 1921.]

Grade.	Shrinkage.	Yield.	Duty per grease pound, on basis of 25 cents per pound, clean content.	Current value in grease.	Duty, 35 per cent ad valorem, clean.	Duty, grease basis.
Low:	*Per cent.*		*Cents.*	*Cents.*	*Cents.*	*Cents.*
One-fourth blood	42	58	14.5	15	09.1	5.28
Do	45	55	13.75	24	15.27	8.6
Three-eighths blood	50	50	12.5	26	18.20	9.1
One-half blood	55	45	11.25	30	23.33	10.5
Medium clothing	48	52	13.0	20	13.46	7.0
One-half clothing	56	44	11.0	24	19.00	8.4
Fine clothing	65	35	8.75	27	26.90	9.4
Delaine	61	39	9.75	32	27.70	11.9

The duty on fine clothing and delaine as shown in last column would not obtain, as the preceding column shows this duty would be more than 25 cents per clean pound.

The following analysis was made by representatives of wool-growers' associations and farm bureaus having a practical knowledge of wool production. This analysis is highly important because it affects approximately 45 per cent of our domestic clip.

SOUTH AMERICAN WOOL.

Grade.	Shrinkage.	Yield.	Duty per grease pound, on basis of 25 cents per pound, clean content.	Current value in grease.	Duty, 35 per cent ad valorem, clean.	Duty, grease basis.
	Per cent.	*Per cent.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
One-fourth blood	33	67	16.75	11	5.75	3.84
Three-eighths blood	38	62	15.50	18	10.16	6.3
Carbonizing	60	40	10.00	12	10.50	4.2
Rejects and off	50	50	12.5	10	7.00	3.5

Thirty-five per cent of our domestic clip will come in competition with South American three-eighths and one-fourth, which under the proposed 35 per cent ad valorem schedule will be admitted with an average duty of less than 6 cents per grease pound.

The data on South American quarter blood and three-eighths blood is especially illuminating, in view of the fact that wool im-

ports of these grades into the United States have comprised approximately 50 per cent of the total imports of clothing wools for the past five years.

Based on these values, the following table shows the proper compensatory duties for manufactures of wool, using the method of determining compensatory duties recommended by the Taft Tariff Board, and we believe the wool manufacturers will admit that this method of determining compensatory duties is fair and adequate.

Grade.	Duty 35 per cent ad valorem, per pound.	Proper compensatory duty on tops, per pound.	Compensatory duty on tops, Fordney bill, per pound.	Excess of compensatory duty in Fordney bill over compensatory duty actually needed.	Proper compensatory duty on yarn, per pound.
Low:					
One-fourth blood	$0.09	$0.099	$0.16⅔-$0.27½	$0.06⅔-$0.17½	$0.1069
Do	.1527	.1680	.16⅔- .27½	.1070	.1814
Three-eighths blood	.1820	.2002	.16⅔- .27½	.0748	.2162
One-half blood	.2333	.2566	.16⅔- .27½	.0184	.2771
Medium clothing	.1248	.1373	.16⅔- .27½	.0294- .1378	.1483
One-half clothing	.19	.209	.16⅔- .27½	.066	.2257
Fine clothing	.25	.275	.27½	.....	.30
Delaine clothing	.25	.275	.27½	.....	.30
South American, one-fourth blood	.074	.0814	.16⅔- .27½	.0852- .1898	.0679

Grade.	Compensatory duty on yarn, Fordney bill.	Excess compensatory in Fordney bill over compensatory actually needed.	Proper compensatory duty on cloth.	Compensatory duty on cloth, Fordney bill.	Excess compensatory in Fordney bill over compensatory actually needed.
Low:					
One-fourth blood	$0.20-$0.30	$0.0931-$0.1931	$0.1283	$0.20-$0.36	$0.0717-$0.2317
Do	.20- .30	.0186- .1186	.2177	.20- .36	.1423
Three-eighths blood	.20- .30	.0838	.2594	.20- .36	.1006
One-half blood	.20- .30	.0229	.3325	.20- .36	.0275
Medium clothing	.20- .30	.0517- .1517	.1780	.20- .36	.022 - .182
One-half clothing	.20- .30	.0743	.2708	.20- .36	.0892
Fine clothing	.30	.....	.36	.36	.....
Delaine clothing	.30	.....	.36	.36	.....
South American, one-fourth blood	.20- .30	.1121- .2121	.1055	.20- .36	.0945- .2645

From the above table it will be noted that, based on to-day's wool prices, the excess given the manufacturer in his compensatory duty goes as high as 10 cents per pound on tops, 20 cents a pound on yarns, and 25 cents on cloth.

Senator McCUMBER. You say "to-day's." Do you mean under existing law?

Mr. WALKER. Under the Fordney tariff, not under "existing law," because to-day we are under the emergency tariff bill, and this has reference to the permanent tariff bill as it comes from the House.

Senator McCUMBER. That is the reason I was inquiring what you meant—to get the significance of the word "to-day" as used.

Mr. WALKER. The following are yarn and top prices quoted by Daily News Record on July 5, 1921:

2-20s, 2-24s, South American	$0.90 -$1.05
2-34s, quarter blood	1.15 - 1.25
2-36s, three-eighths blood	1.35 - 1.45
2-40s, half blood	1.75⅔- 1.80

French spun yarns:	
1-20s, three-eighths blood	$1.30 -$1.40
1-24s, half blood	1.50 - 1.60
1-30s, half blood	1.65 - 1.70
1-40s, half blood	1.70 - 1.80
2-36s, three-eighths blood	1.55 - 1.65
2-40s, half blood	1.85 - 1.95
2-50s, fine	2.10 - 2.15
Tops:	
64s, Australian	1.15 - 1.20
60s, Australian	1.05 - 1.10
Fine territory	1.10 - 1.15
Half blood	.95 - 1.00
High three-eighths blood	.80 - .85
Low three-eighths blood	.70 - .75
High quarter blood	.65 - .70
46s	.55 - .60
44s	.40 - .45
40s	.35 - .40
36s	.35 - .40

It will be noted from these quotations that none of the yarns quoted would have less than 30 cents per pound compensatory duty under the Fordney bill, because all are above 55 cents per pound, so that in the preceding table you should consider only the highest amount in the column showing excessive compensatory duty on yarns. With these prices for yarn it is quite evident that under the Fordney bill practically no cloth wholly or in part of wool would take a compensatory duty of less than 30 cents per pound.

A statement made by a prominent worsted manufacturer that he could secure South American quarter-blood wools at 12 cents per pound clean would mean a duty of 4.2 cents per pound clean content or less than 3 cents per pound in the grease.

Senator WATSON. You are speaking now of the Fordney tariff?

Mr. WALKER. Under the Fordney schedule. This is showing our objection to the Fordney schedule.

The proper compensatory duty based on these figures is 4.62 cents per pound for tops, 4.98 cents per pound on yarn, and 5.98 cents per pound on cloth. In this case the excess of compensatory duty on cloth would be from 14 cents to 30 cents per pound.

The CHAIRMAN. Did you appear before the Ways and Means Committee, Mr. Walker?

Mr. WALKER. We were given a hearing after the bill was reported out—a 10-minute hearing I think was all we appeared, because we did not anticipate that that limiting clause would be placed in there—and we presented a very brief statement of our objections to that limiting clause at that time.

The duty of 25 cents per pound clean content would make these wools worth to the manufacturer 38½ cents per pound clean, which is certainly not an excessive price. This would mean a value of 26 cents per pound grease basis.

In addition to the excess of compensatory duties shown in the tables it must be remembered that the manufacturer also has excessive compensatory duties where shoddy is used, and when you consider the amount of shoddy used in a year it will be readily seen that the manufacturer who uses it gets excess compensatory duties, because shoddy is never as high in price as the same grade of clean

wool. This is an added reason for the speedy enactment of the French-Capper "truth in fabric" bill, for with this law on the statute books it would be easy to levy a compensatory duty on goods based on the amount of both virgin wool and shoddy they contained. You may be able to form some idea of the amount of shoddy used in this country from the fact that in 1917 (the latest statistics available) we produced more shoddy in the United States than we produced virgin sheep's wool.

As the schedule now stands, it not only works great hardship on the producer of wool, giving him a minimum of protection when he needs the maximum, but it fails to pass this reduction on to the consumer, as the compensatory duty of the manufacturer is based on a 25-cent per pound clean-content wool duty throughout, where in some instances he is securing his wools at one-fifth that value, as in the case of the South American quarter blood referred to, and in no instance is he obliged to pay more than 25 cents per pound clean content. We believe, as the bill now stands, that this is unfair and unjust to both the producer and consumer.

The statement has been made that on a basis of 25 cents per pound clean content some wools would be dutiable at more than 100 per cent ad valorem, which would force the manufacturer out of business. We maintain that whether the ad valorem duty on wool be 2 per cent or 100 per cent, it will not affect the manufacturer, as his compensatory duty is based on 25 cents per pound clean-content basis, and in no case can a higher duty than 25 cents per pound clean be assessed against imports of wool.

Senator WATSON. Figuring these duties in regard to imports under the Fordney bill, do you take into consideration, as a basis of calculation, the American valuation?

Mr. WALKER. Senator, the basis of calculation is the price that these wools are landed in Boston, in American money, and that naturally would be the American valuation.

Senator WATSON. And that is the basis, then, for calculation?

Mr. WALKER. That is the basis on which our calculations are made—on American valuation.

If the ad valorem duty on a 25 cents per pound clean-content basis equals a 100 per cent ad valorem duty, the only possible conclusion that can be reached is that manufacturers are purchasing these foreign wools at such ridiculously low prices that they can be brought into this country, pay a 25-cent clean-content duty, and still cost much less than domestic growers can produce them for; and if the tariff principle of the Republican Party is one for the protection of home industries, which we believe it to be, there certainly never was more urgent need for an effective protective tariff than at the present time. The tariff protection provided by the Fordney emergency tariff act affords the woolgrowing industry relief so long as it is in force; the substitution of the proposed wool schedule in the permanent tariff, with the limiting ad valorem clause, will afford the growers less than one-half in many instances and in some instances less than one-fourth the protection which the emergency tariff bill provides.

There has been so much testimony at previous hearings regarding the use of carpet wools in the manufacture of clothing fabrics

that we do not propose to go into the matter at length, except to make the statement that there are certain East Indian wools, principally Jorias and Vicaneers, that are used out and out for fabric purposes. These wools compete with the lower grades of domestic spring-lamb wools and should be taken out of carpet wools—paragraph 1101, Fordney tariff bill. By classing these wools as carpet wools they evade a higher rate of duty, and when manufactured into cloth have the benefit of increased excessive compensatory duties.

The condition of the sheep industry in the United States to-day is such that unless adequate protection is granted in the permanent tariff bill, which can only be obtained by increasing the rate of duty and the elimination of the ad valorem clause, it will inevitably be ruined.

The census of the sheep population in the United States of 1910 shows about 52,500,000 head. The advent of the Underwood tariff bill, placing wool on the free list, so reduced the flocks that in spite of abnormal conditions brought on by the war and the patriotic efforts of flockmasters to increase production the census of 1920 showed a sheep population of less than 35,000,000 head, or 28 per cent reduction in the 10-year period, while the period from January 1, 1920, to the present date shows a still further decline of around 5,000,000 head.

So that to-day we are facing one of the greatest shortages in the sheep industry that we have ever faced.

Senator WATSON. You agree, do you not, that the emergency tariff was one of value?

Mr. WALKER. Of absolute value. It was the thing that saved us; it was the only thing that saved us, because if it had not been for the emergency tariff I doubt whether there would not be 5,000,000 more sheep to-day on the market by this time.

Senator SMOOT. And many woolgrowers would be in the hands of receivers, bankrupt.

Mr. WALKER. They would be on the rocks.

The CHAIRMAN. This legislation saved the industry for the time being?

Senator GOODING. Absolutely.

Mr. WALKER. There is no question about it, Mr. Chairman.

We believe the woolgrowing industry is one of the most vital in the United States. For proof of this we need not go further back than the war conditions that prevailed when we were cut off from wool imports. Our civilian population was compelled to go on a shoddy basis.

If the sheep industry of the United States is destroyed, and as this measure now stands it can mean nothing else, what would be our position in the event of another war?

In conclusion we submit that—

First. The sheep industry is a vital one and must be protected.

Second. That the wool schedule of the Fordney tariff bill is in no sense protective, as this has been demonstrated by a comparison of production costs in South America and Australia with the United States.

Third. We believe that such a measure, combined with the passage of the "truth in fabric" bill, which will put a stop to shoddy's

counterfeiting virgin wool, would prevent the possibility of a condition prevailing as pointed out by Fibre and Fabric, a textile publication, of Boston, Mass., in its issue of April 9, 1921:

> We look for the emergency tariff when passed to allow for a greater business in reworked wools. Beyond any doubt the higher market for wool resulting from the tariff will work to the advantage of the reworked wools.

The passage of these two measures, we believe, would restore confidence in the sheep industry and shortly bring production to the point where we would supply our own needs.

Fourth. It has been the history of wool-tariff legislation in the past that in nearly every instance the manufacturer has had hidden protection in his compensatory duties, and as this schedule now stands with the manufacturer's compensatory duty based on a 25 cents clean-content duty throughout, and his actual duty ranging down as low as 5 cents per pound, he will still enjoy this hidden protection.

The CHAIRMAN. What do you mean by "hidden protection"? There is nothing hidden about it.

Mr. WALKER. It is hidden in this way: Under the 35 per cent ad valorem clause he is importing wools here and paying a duty of as low as 5 cents a pound clean. His compensatory duty on that pound of cloth is based on 25 cents a pound clean. In other words, he has an advantage of 25 cents a pound under that, which does not appear on the surface, and the consuming public believes that that is passed to the woolgrower, when in reality it is not; and that is what I term "hidden"—it is "hidden" from the general public.

Senator GOODING. In other words, Mr. Chairman, he has a specific duty of 36 cents a pound on a pound of cloth, and not an ad valorem duty at all, and regardless of how cheap his wool is, how cheap he can buy under the ad valorem clause, if it is 65 cents a pound he still gets 36 cents a pound per pound of cloth.

Senator SMOOT. The manufacturer gets the full amount; the woolgrower, under the provisions, can not get it?

Mr. WALKER. He is limited.

It may be possible that the manufacturer needs added protection in order to compete successfully with foreign manufacturers, and if such be the case, we, as woolgrowers, want to see him have it, but he certainly should not be allowed to get it under guise of protection to the grower, which it most certainly is not.

It is a generally accepted fact that wool producers have never received the entire protection which wool-tariff schedules intended they should have, and which the consuming public actually believes they received, and in the drafting of this present measure we are only asking for equal consideration with the manufacturer.

All that we, as woolgrowers, ask is that we be accorded the same treatment as other industries that have the benefit of a protective tariff, in accordance with the pledge of the Republican national committee, which we quoted heretofore.

We realize that the wool manufacturer needs protective duties, and we desire to see them have a duty that will be really protective, but we insist that the compensatory duty be no more than actually compensatory. And if such be the case we, as woolgrowers, want to see the manufacturer get it, but he should not be allowed

to get it under the guise that the woolgrower is getting it, which he certainly is not.

The CHAIRMAN. You are not interested in having an eastern market for your product—the manufacturers?

Mr. WALKER. Absolutely; we are interested in the manufacturer, he is our only market.

The CHAIRMAN. Your interests are common?

Mr. WALKER. Our interests are common. In this respect, we do not want to see the manufacturing industry go down, because it is our market. But, on the other hand, we want to know and we want the public to know just exactly where he stands and what protection he shall have and what protection we shall have.

The CHAIRMAN. My analysis of it is that you both ought to have what you require to keep the industry going. There is only one test.

Mr. WALKER. That is absolutely correct.

The CHAIRMAN. That is a very practical test.

Senator WATSON. Have you, Mr. Walker—and you and your associates are very active in these matters—made an attempt to compose your differences, if differences there be, with the manufacturers, so as to reach a basis for understanding?

Mr. WALKER. Senator, the only thing that we have tried to do was to find out what it was costing us to produce wool. The manufacturers told us that their compensatories, of course, would be based on the difference between our cost and foreign-wool cost. and that we could work them out, and whatever we felt was right and proper—whatever we could show was right and proper—they would be willing we should have, and that is as far as we have ever gone in the matter recently. There was a time when the manufacturers and woolgrowers got together and thrashed the thing out and presented a common cause. We have not thought it advisable to go into that. We do not know what the manufacturer needs, and he ought to be able to prove his own case. The only thing we are attempting to show is that we are in a bad way.

Senator SMOOT. That there is discrimination in the pending bill?

Mr. WALKER. And that there has existed discrimination in this bill in favor of the manufacturer. Whatever he needs we would like to see him have, if it is fair. That is as far as we can go.

The CHAIRMAN. Do you mean that the grower is not getting sufficient protection?

Mr. WALKER. Absolutely; he is not.

The CHAIRMAN. Is the manufacturer getting ample protection?

Mr. WALKER. I could not say about that, because I do not know what he requires as a manufacturer. I am not in position to state. If he is not getting enough, he ought to have it. But that is his case and not ours.

The CHAIRMAN. If we can not keep the manufacturer going, you will not have a market.

Mr. WALKER. If he is not kept going, we will not have a market, certainly, and we want the manufacturers to run. But, on the other hand, we do not want the manufacturers to take the protection that has been given to us.

I have just this statement I want to make: I was coming to represent the Ohio Wool Growers' Association. I will say that this is

submitted by Mr. J. B. Wilson, of McKinley, Wyo., and myself as the tariff committee of the National Sheep and Wool Bureau.

The CHAIRMAN. You have made a clear statement which has been very illuminating, and we will be glad to have that inserted in our record.

Mr. WALKER. I just want to say that the Ohio Wool Growers' Association is an organization representing 20,000 actual paid-up memberships in the State of Ohio.

The CHAIRMAN. How many have you got in Pennsylvania?

Mr. WALKER. We have quite a large membership in Pennsylvania, particularly in the western part of the State.

The CHAIRMAN. In Washington County?

Mr. WALKER. In Washington and Greene Counties, and I would say that we have handled for Washington and Greene Counties probably a half million pounds of wool this year.

We have our own marketing organization and market directly to the manufacturers, and my work as secretary has taken me in every county in Ohio and the major part of western Pennsylvania and a great portion of West Virginia, and the conditions hold true there throughout, and also in Indiana.

The condition of the sheep industry in those four States to-day is a declining one. To-day we have in Ohio less than one-third of the sheep population we had in 1867. This is due largely to the uncertainty of the sheep business. We would have protection through a period of three or four years, and then we would have free trade; in fact, under the war we had it.

Senator WATSON. Take, for instance, several States—Ohio, Wyoming, Idaho (Senator Gooding's State), and Oregon. You produce principally the same kind of wool in the four States, do you?

Mr. WALKER. Those States produce quite a large amount of the same kind of wool.

Senator WATSON. What is the difference in the cost of producing a pound of the same kind of wool in those four States, if there be a difference?

Mr. WALKER. I will say this, Senator: That the report of the Tariff Commission shows—I wanted to get to that just a moment—that it actually cost in 1918 and 1919, the last figures we have available, in the range States, I think it was 45 cents per grease pound, and in the Eastern States between 54 and 56 cents per grease pound. I may be wrong as to those figures regarding the range States.

While we have cheaper labor and our feed is some cheaper, last year's wool has been produced under those figures, and the 1922 clip will not be produced much under 15 or 20 per cent under those figures.

Senator McCUMBER. That takes into consideration the cost of land on which you feed your sheep, etc.?

Mr. WALKER. Yes, sir.

Senator WATSON. That is what I meant.

Mr. WALKER. The statement has been made, and made repeatedly, that men could well afford to keep sheep for mutton value and forget there was such a thing as wool. An interesting thing that the Tariff Board brought out in connection with this: That in Ohio, West Virginia, and Pennsylvania, in that section producing fine-

wool sheep practically exclusively, the cost of producing a pound of wool was less in those fine-wool sheep than it was over in the other sections where they were kept almost exclusively for a mutton type. It actually cost 54.9 cents a pound to produce a pound of wool of so-called fine-wool breeds sheep, giving its proportionate mutton value; it actually costs 56.8 cents a pound to produce a pound of wool for the mutton breeds, giving equivalent mutton values. So that the man who attempts to stand up and give an argument that sheep can be produced for mutton alone is certainly speaking without knowledge.

Senator McCUMBER. It should be remembered that a gentleman in Wyoming who sent a carload or two of sheep to Chicago and got 32 cents apiece for them, wool and mutton and all, could hardly agree with that philosophy—that it could be raised for the mutton alone.

Mr. WALKER. I have a statement here, Senator, that I did not make, but which I would like to make now.

An instance of the condition of woolgrowers is shown by the fact that an Arizona flockmaster shipped 1,017 lambs to the Chicago market June 1 and June 15, 1921, and after paying the feed bill, freight, yardage, commission charges, etc., was out of pocket $1,445.41—that is, these lambs sold for that much less than it cost to feed them and ship them. This allows him nothing whatever for the production cost of the lambs. In other words, he would have been $1,445.41 better off if he had cut the lambs' throats instead of shipping them to market.

While this case is extreme, there are numerous instances where sheep come to market and do not sell for more than enough to cover feed, freight, yardage, commission, and other marketing charges. Instances could be multiplied by the thousands where men would be glad to get out of the business 25 per cent recovery of their investment.

Do you have any questions? I shall be pleased to answer anything.

The CHAIRMAN. The committee has heard you with a great deal of interest.

STATEMENT OF JAMES N. McBRIDE, REPRESENTING THE MICHIGAN WOOL GROWERS' ASSOCIATION, LANSING, MICH.

Mr. McBRIDE. I reside at Lansing, Mich., and I am both a woolgrower and sheep feeder, and I am also a contractor in manufacturing wool—not a manufacturer, but a contractor with manufacturers.

The particular suit of clothes I have on, Mr. Chairman, was made from 8 pounds of Michigan fine wool. The cost of this wool to the manufacturer at that time—the South Bend Woolen Mills, at South Bend, Ind.—was 22 cents a pound. There is a fraction over 3½ pounds of 13-ounce fabric in this particular suit, practically 50 ounces of finished wool product.

Under the Fordney tariff bill of 22 cents a pound for 100 pounds of wool, with 60 per cent waste for scouring, I would have paid $15.50 under a straight specific 25 cents a pound duty. When you come to add a tax of 35 per cent ad valorem to that it would reduce it to $7.70.

or practically a reduction of one-half, when you include this ad valorem.

The storm center of the 35 per cent ad valorem and the specific duty ranges around the difference in scouring qualities of wool. The wool of the north central part of the United States and all over the North, until we get too far south, has a much greater tensile strength than South American and some Australian wools. In other words, we have to have, from the manufacturing standpoint, these strong northern wools to make the warp in order to make a good, substantial fabric.

I have with me two pieces of cloth here, one manufactured in Indiana and one in Illinois. I have a letter from a manufacturer in Illinois saying that it is South American wool. These fabrics are of equal texture, of equal weight, but one is made from Michigan wool and one from South American wool. On the testing machine, if you are at all familiar with fabrics, they put it onto the point that it tears. This particular piece of cloth [exhibiting sample to the committee] is from South American wool, and tests 53 pounds tensile strength of 32-ounce fabric.

This other piece, made at another mill [exhibiting another sample to the committee], tests 75.

In other words, if you admit those two pieces of fabrics on the same basis you will simply allow the wool that has gone into this, the cheaper South American wool, to displace our wool.

Our manufacturing friends are going to claim to you—and that is the critical point—that we have overrated the fine combing wools or we have overrated the clothing wools and long wools. We have several conditions there. There is, first, textile strength, which is strongly in favor of the North American wools; secondly, with the British-Australian Wool Association—that was a current arrangement with Australia and New Zealand and England and the English Government during the war—those people were to have the prewar price of wool, and it expired with governmental regulation last June. Up to last June, when the wool slump occurred, our friends in Australia were compensated by Government tax; that is, they are rebated the difference between the selling price and the prewar price.

So we have started on a different basis. We have not had Government support; we have not had a duty during that time.

The next point I want to call your attention to is that the British-Australian Wool Association will sort out high-scouring or high-wool content when it is scoured and send it to this country and leave the lower-scouring content to go to the low-labor countries in Australia and Germany, where wool mills are all ready for action.

It also takes the South American wools by 7 cents, and burry, seedy, and chaffy wools, and those would not come into this country.

So when you make the distinction remember that we start on a different basis with the Southern Hemisphere, going to the origin of this British-Australian Wool Association for tensile strength, and we start on a different basis of labor.

To be perfectly frank with you, our manufacturing friends are going to say that we have a spread of about 25 per cent between the scouring content of a fine wool, which will scour 60 to 62 per cent, possibly higher, and a medium-grade wool that will scour as low as

40 per cent; they are going to claim a spread of about 25 points there. It would be on the American basis; but they do not take into consideration that that would not be the basis of foreign wools imported into this country, which are selected wools and not on the same basis as our American wools.

Here is a letter from the manufacturer, who states—I do not care to have the name of the manufacturer given to the public; it is on his letterhead.

The CHAIRMAN. What town and State is that from; we do not care for the name?

Mr. McBRIDE. Jacksonville, Ill.

Senator GOODING. Do you know when they got that wool in?

Mr. McBRIDE. I could not answer.

Senator GOODING. I think that is some of the wool the Government is selling, and the carpet wools come in free under the tariff bill, and they are putting a great deal of that into clothing nowadays, mixing it.

The CHAIRMAN. That is a temporary condition?

Senator GOODING. It is a temporary condition, but they are taking advantage of it.

Mr. McBRIDE. Another thing that our carding friends are going to call attention to—possibly they will forget to state it—is that in combing wools a certain percentage of noils results, which increases the total cost to the manufacturer of worsteds. That is where you will have to carefully differentiate in favor of the American manufacturer who has these conditions. I know well—I am not a manufacturer, but I have been trained on those lines, and I think I am competent to speak on that point.

At the present time wool is being bought in South America at 7 cents a pound. It is being brought into this country in competition with American wool, where cheap labor turns it into yarns, and it is paying 25 cents under the Fordney tariff bill, in addition to 17½ per cent under the Underwood bill on manufactured products. That is a situation that has actually occurred at the present time. That is why we insist on at least 33⅓ cents per pound specific duty, and it is the only way that the wool industry can be maintained.

As a wise economic policy there are two things that demand special attention in the United States. For the next two years we can not expect to have wide European demand for our products from the farm, but we ought to produce more than two-thirds of the wool we use in this country. We can pretty nearly reach the point of actual domestic needs of clothing and textile wool, and the carpet wools we probably never will want to produce.

So there is one thing that you can increase on the lands of the United States most admirably situated and that is the output of wool double, and we will not reach the amount that we are actually consuming.

STATEMENT OF W. W. LATTA, REPRESENTING THE IOWA FLEECE WOOL GROWERS' ASSOCIATION, LOGAN, IOWA.

The CHAIRMAN. Where do you reside?

Mr. LATTA. I reside in Iowa.

The CHAIRMAN. In what part of it?

Mr. LATTA. The western part of the State.

In the first place, I am a farmer and feeder, and, in the second place, I am president of the Wool Growers' Association of Iowa, and I am on the executive board of the bureau, and represent our State at the National Farm Bureau.

I know we will have to have some protection on our sheep if we keep sheep in Iowa. The price of wool has gone down, and they are only bidding from 18 to 14 cents, according to the quality of the wool, in our country, and it does not pay to raise lambs. I am clipping some lambs now, about 1,000 head, and wool is so cheap that when I bought the lambs I did not figure on the wool. I am simply clipping the lambs to increase the weight faster; they will feed better after shearing. It gets the wool off and they feed better and they will fatten quicker, and they will ship easier.

The CHAIRMAN. Where will you ship those lambs to?

Mr. LATTA. To Chicago. If the wool brought 10 cents a pound and shearing cost 3 cents a pound——

The CHAIRMAN (interposing). You shear for mutton purposes?

Mr. LATTA. Mutton value is about all they are worth now. Of course, if there was some value on the wool, that would be a consideration now, and we must have some value on the wool.

The CHAIRMAN. They are slaughtered at Chicago?

Mr. LATTA. Yes, sir; fattened and sent to Chicago to be slaughtered there. We buy them in Omaha from the range men, and if the range men do not have protection I do not see how they can stay in business, and I do not see how we can get the lambs if they do not stay in business.

In the southeastern part of the State they raise lambs, and we are up against the same proposition.

Senator WATSON. Are you raising these lambs all on the high-priced Iowa farm land?

Mr. LATTA. I am running them in the cornfield to fatten. Our land brings from $325 down to $60 an acre; and we have got to have some relief or we can not stay in the business.

Senator WATSON. We all agree with you about that.

The CHAIRMAN. We want to establish the industry on a good, healthy American basis; that is what we are here for.

Mr. LATTA. We have to have the lambs in order to keep up the fertility of our soil. I honestly believe I can increase the yield of succeeding crops many bushels per acre by running my sheep in the cornfield. It raises the fertility of the soil in that way.

The CHAIRMAN. The sheep are supposed to devastate a country, according to the popular acceptation. I am asking as a layman, can you explain that?

Mr. LATTA. They will build up the soil in our country. I have built up the productive quality of my land, where it would not produce but 10 bushels an acre, up to 75 bushels an acre.

Senator MCCUMBER. How do you build it up, by their eating the weeds or simply by the manure?

Mr. LATTA. By the manure. We feed on the ground and everything goes back into the ground, stalks and everything, and nothing goes out but the wool and the mutton; those are the only things that are shipped off of the farm.

Senator GOODING. How long have you been turning your sheep into the cornfields instead of gathering the corn?

Mr. LATTA. For the last 20 years. I have not shucked a field of corn for 20 years until last year.

STATEMENT OF DR. S. W. McCLURE, NAMPA, IDAHO, REPRESENTING THE NATIONAL WOOL GROWERS' ASSOCIATION.

Dr. McCLURE. Mr. Chairman and Senators, I live at Nampa, Idaho, and represent the National Wool Growers' Association.

In this matter I represent the woolgrowers of the West and the National Wool Growers' Association and some of the State associations.

It probably is not necessary or desirable for me to discuss in detail the condition of the sheep industry in the West. I think you Senators are very familiar with it, and I think we presented that matter here at the time the emergency tariff was under consideration.

As you know, in the fall of 1919 the entire West, but particularly the Northwest, suffered from a drought. Following that came almost three winters rolled into one, and where we ordinarily started to feeding out there in December, in many cases in the fall of 1919 we started to feed in the latter part of October. Starting to feed then, we endured a winter of unusual severity, which continued until away along in the spring. Men who ordinarily turned their flocks out in March did not get their sheep out until the latter part of April; in fact, one outfit that I had then we put out three times and had to go and bring them in again on account of unusual snowstorms and lack of feed.

It is impossible for the Tariff Board or anybody else to tell what that winter cost us. We have not yet recovered from it, and we will not recover from it for five years. Had the western woolgrowers simply abandoned their sheep in October, 1919, and let them drift before the storms and be devoured by coyotes, we would all have been better off. I do not think there is a sheepman in the West but who lost money by saving his flocks during that year. We actually had sheep that went into the winter in 1919 carrying a normal indebtedness that came out of that winter owing $32 a head; that is four times what they are now worth. Of course, this is an extreme case.

Many of our men, under the very best conditions that we may hope for, must work the next five years for nothing to pay off the obligations that we incurred during that period of stress. We paid as high as $50 a ton for hay. That was an exception, however. I think the average was somewhere around $15 to $25 a ton, and we fed up to three times as much of it as usual.

One of the great burdens of the sheep industry has been the labor costs; in fact, in 1911, when the Tariff Board made its report, we were running our sheep out West for about 80 cents a head in labor.

The CHAIRMAN. That is not unusual. Those labor conditions prevail everywhere, do they not?

Dr. McCLURE. I think so; but it is a little worse with us than with the other fellow.

That labor cost rose from 80 cents a head in 1911 to an average very close to $3 a head. The herder that we used to pay $45 a month we

have been paying up to $125 a month and his board; and it is one of the sad things that is true, but as we increased our wages the efficiency of the men decreased, and it took almost two men to do one man's work. A good many of the losses that have come to us have been the result of inefficiency of the labor that we had during the war.

Senator LA FOLLETTE. Did you say, Dr. McClure, that your labor cost is now $3 per head?

Dr. MCCLURE. It has been.

Senator LA FOLLETTE. What is it now?

Dr. MCCLURE. The man we have been paying $100 and $125 per month we are now paying $60.

Senator LA FOLLETTE. I would like it per head, so we can carry it along.

Dr. MCCLURE. Our labor cost per head is about $1.75, or somewhere in that neighborhood. We are getting along very well with our labor now, reducing our costs, and we are going to have it somewhere near normal within a year.

Of course, you gentlemen know that the sheep industry in many States in the West, particularly in Idaho, Oregon, Washington, Utah, Nevada, Wyoming, and New Mexico, is the foundation industry. The sheepmen themselves may not be as numerous as the representatives of other industries, but the other fellow lives off this industry.

We talk about developing a lot of new irrigation in the West. I am for it; it is a fine thing to do, provided you can make the stock industry of the West prosperous, and if you can not do that you will do our country injury by putting another acre of land under irrigation. We have no close markets for our products; we can not dispose of our hay. You can buy hay out there now for $3 and $4 a ton. We can not get our potatoes to market; we are right at the point where freight rates are highest and where they break going east and west. So, whatever we raise out there must be consumed there, and the only way we can dispose of our agricultural products, such as hay and barley, is to feed them into live stock and reduce the bulk of it; in other words, we can feed a few hundred pounds of hay to a cow and reduce it down to a few pounds of butter; we can ship the butter, and we can not ship the hay. We can feed our oats and barley and alfalfa to sheep and reduce it down to 8 or 10 pounds of wool, and we can ship the wool and we can not ship the other.

So that the sheep industry in that way is, in my judgment, the basic industry of very many of those States, and it supports all these other industries.

So, unless we can make it profitable for men to continue in the live-stock business, either in a small way or in a large way in our Western States, there is no room for additional development, and if you put a lot more land under irrigation out there and raise a lot more crops—Senator Gooding will not agree with me on this—you will not have a market for it, except as you market it through the live stock.

I want to say this: I think I am thoroughly familiar with the live-stock legislation that has been passed during the last 10 years. In my judgment Congress has never passed a piece of legislation during that time which has had such a profound influence for good on the live-stock industry of the country as your emergency tariff law.

There has been a lot of great legislation, but so far as we fellows in the West are concerned—the stockmen and the wheat growers—the emergency tariff law has done more to make it possible for us to continue in business than any other legislation that this Congress or any previous Congress has ever passed within my knowledge. If it had not been for the enactment of that legislation my judgment is that the bulk of the stockmen of the West would have gone into bankruptcy, and carried with them the downfall of hundreds of our banks, together with the downfall of our stores and commercial institutions of all kinds.

The emergency tariff law saved us from that. These fellows who were going from bad to worse under the tremendous imports of agricultural products from abroad, with the passage of that law recognized the fact that Congress was trying to help, and dozens of our sheepmen who were ready to quit and wanted to turn their stuff over to the bank headed around the other way, and they are now doing fine, and will some day pay out.

On behalf of the live-stock industry I want to thank you, gentlemen, for that legislation, and to assure you that we hope that nothing possible will happen which might allow the emergency tariff law to expire previous to the time that a permanent tariff bill is enacted.

The CHAIRMAN. This committee has reported the bill and it is on the Senate calendar.

Dr. McCLURE. Yes, Mr. Chairman; it would have been a wonderful thing if we could just have taken the date of expiration out of that bill and let it have been the legislation of the country until such time as a new law was passed.

Senator CURTIS. Until the tariff law took effect?

Dr. McCLURE. Exactly, Senator, that would have been the desired result. We have just been in Boston, where there is a lot of wool in bond and a lot of agricultural products in bond, and a lot of it ready to be sent here, with the thought that there may be a day or week or month after the expiration of this measure during which time the agricultural interests might have no protection.

The CHAIRMAN. Providing you gentlemen have the bill properly fixed in the House.

Dr. McCLURE. Senator, that was not in there when it came from the House.

The CHAIRMAN. Oh, yes; it was. We did not change the date in the bill. The date was put in by the House Ways and Means Committee.

Dr. McCLURE. I think that was fixed up after we had our hearings over there.

The CHAIRMAN. It was not changed here.

Dr. McCLURE. No; I understand that.

Senator WATSON. I think it was done on the floor of the House.

Dr. McCLURE. Yes; we did not put the date in or suggest a date which ought to be put in, and we would like very much if it were taken out.

The CHAIRMAN. Of course, that would jeopardize the bill to some extent; an amendment might delay or complicate it, though I do not know that it would.

Dr. McCLURE. Senator, I do not think I need to take up this question of costs. But I want to discuss just briefly the form of tariff that the woolgrowers desire.

I think the woolgrowing industry of the United States almost to a man is unanimously in favor of a wool tariff based upon the clean or scoured content of imported wool. This matter was presented by manufacturers and woolgrowers and consumers to the Tariff Board which Mr. Taft created, and after a very thorough investigation the Tariff Board determined that that was the only scientific and equitable basis upon which the wool tariffs could be assessed.

For your information, I might say that the whole wool business of the world is done on that basis, and to place the woolgrower on any other basis, so far as the tariff is concerned, than the one on which he does his business with the mill is a serious handicap to the woolgrower. You remember that the old tariff bill placed duties upon the grease basis. I am not censuring anybody for that, because at the time that bill was originally enacted that was probably the only basis that we had. But woolgrowers have made a lot of progress since 1867, when that basis was first established. We buy and sell our wool entirely upon the percentage of clean wool that may be in the fleece. The grease and dirt that is in the fleece has no value; it is a nuisance, and our whole operation is based solely upon the amount of scoured wool that the fleece yields. We do not know anything about grease wool. We do not talk about grease wool. In order to find the grease price of wool, all you have to do is to first get the scoured price and determine the percentage of grease, then figure the grease price.

Some one has said in past tariff discussions that American woolgrowers were unprogressive, and while I do not concede that, still it has been this unscientific basis upon which our tariff was assessed which was the most unprogressive institution connected with our industry. That was the old basis upon which wool was sold centuries ago. A man would come along and say, "I will give you so much for this wool," and he made his price so low that it did not matter what it shrunk. We have got away from that. We do not talk about grease wool at all, and we hope that in the tariff bill Congress will not take us back to that old basis, which we have abandoned. The grease basis is impossible of administration. Take your class 1 and class 2 wools, and there is not a man living who can classify wools according to that standard existing in the old law; in other words, class 1 were wools containing merino blood and class 2 were wools containing English blood. I want to make the statement that there are wools in class 1 and wools in class 2 that no living person can tell the difference between.

So you can not go on under that basis. If anybody kicked about it, the bill could not be administered on the grease basis with the old classifications.

The only other basis you have is the ad valorem basis, and you understand our objections to that. In the Fordney tariff bill as prepared in the House they gave us a rate of 25 cents a clean pound. We do not think that is enough. The woolgrowers of the United States are practically unanimous in the opinion that they are en-

titled to a tariff of 33 cents on the scoured or clean content of imported wool. That is the rate that was carried in the Payne-Aldrich law.

If you accept the recommendations of the Tariff Board, you will find we are entitled to ask for a tariff on the basis of difference in cost of production here and abroad of not less than 45 cents a scoured pound. We recognize that maybe it is not wise to attempt to exceed the Payne-Aldrich rates, and we simply ask now that the new tariff be placed upon the scoured basis, and that you give us 33 cents a pound on the scoured content of imported wool.

I do not know, Senators, what the customs department down here is going to tell you about determining the shrinkage of imported wool. I do not know if they know much about it. It is the simplest thing in the world to estimate with the greatest possible accuracy the shrinkage of our wools. They can always tell within 1 or 2 per cent what our wools shrink, and it is easy to tell what foreign wools shrink, because they are graded into established lines which have in a measure a fixed shrinkage. There is not going to be any difficulty in administering the law.

Senator WATSON. If this is so simple and easy, why is it, you say, the United States Customs Court possibly do not know anything about it?

Dr. McCLURE. I do not think they have ever done any business on this basis.

Senator SMOOT. I do not think they have ever bought the wool; if they had, they would know it.

Senator WATSON. I do not think they have ever bought the wool, but they undoubtedly would become familiar with the whole thing more or less in dealing with it for years, and it would be a strange thing if they could be passing on those matters without having some practical knowledge of it.

Dr. McCLURE. They may have that knowledge.

Senator JONES. I think the witness is quite right in saying they have not had any experience, and it will require some experience.

Dr. McCLURE. They may have had that; they can easily get the men who will have experience. But what I am afraid of is that they will come here and tell you that you have to scour all this wool. That is sheer nonsense. You do not have to scour this wool. We are willing to take the tariff on the estimated shrinkage of the imported wool. We do not scour wools; the mills scour the wool. But it is not a very complex operation and does not amount to much if they had to scour samples.

After giving us a rate of 25 cents a pound over in the House, they limited it by stating that the duty should not exceed 35 per cent ad valorem. That destroyed the effect of the whole provision, and it is the most unscientific arrangement that I have ever seen. I do not think that the bill could be administered fairly at all with that provision in there. In other words, if the woolgrower has a duty on wool, the manufacturer is entitled to a compensatory duty on imported cloth which will reimburse him fully for whatever he has paid to the woolgrower by reason of the duty on raw wool. The compensatory duty provided in the Fordney bill can not be arrived at with this 35 per cent provision in there. In other words, they

have based their compensatory duty entirely on the assumption that every bit of wool imported paid 25 cents a pound scoured to come in, when as a matter of fact the bulk of the wools imported under the provisions of that bill would pay the 35 per cent, and on some of it the duty would only be 10 cents a clean pound. But they have fixed their compensatory duty on the assumption that we get 25 cents on every pound of it. The 35 per cent provision in there makes it possible that a lot of wool would only pay 10 cents a pound. So their compensatory duty on many of the goods is twice as high as it ought to be.

Senator SMOOT. Ten cents a pound on cleaned content?

Dr. MCCLURE. On cleaned content. So if you are going to write a tariff bill, we can not put an ad valorem limitation into it and have a compensatory duty that will work. We do not think their rates are high enough, but if it were high enough the ad valorem provision provided in the bill makes it impossible of decent administration. A bill like that would not be in existence more than 30 days until somebody would find out that the compensatory was twice as high as it ought to be on some kinds of goods, and the thing would be attacked again.

Senator MCCUMBER. Take a duty of 45 cents on scoured content of the wool produced in Idaho. That would be the equivalent of about what duty upon the grease wool?

Dr. MCCLURE. About 15 cents.

Senator MCCUMBER. That is, 66⅔ per cent?

Dr. MCCLURE. Yes, sir. Our Idaho wools shrink from 58 to 70.

Senator Gooding has proposed some amendments to the tariff bill which I think are very good; the woolgrowers have indorsed them. He simply takes a basis of 33 cents a clean pound and works it out on the grease basis. Of course, it makes the duty on some grease wools as low as 2 or 3 cents a pound and on others very high. It at least eliminates the objection which might be made when the bill was passed by some one charging us with having raised the duties. It will do away with the public misunderstanding the thing. Of course, if we pay 33 cents a pound on wool the public is apt to think it is on the grease wool, when as a matter of fact it is not. It is on the clean wool, and it takes 3 pounds of our grease wool to make a pound of clean wool.

I think I have nothing to add, Senators, except that we are just vitally interested in this emergency tariff bill, and we hope it is kept in effect; and if those fellows out in the country could know that the bill was going to continue in operation it would do us a lot of good now.

The CHAIRMAN. I think you are as certain of that as anyone is of anything that happens down here, except paying some of these taxes, that this bill will be a law.

Dr. MCCLURE. Here is the trouble: They say, "Now, here, the Congress has fixed these duties in the emergency tariff bill, but it only lasts until February 1. We can not pay you very much of this tariff, because February 1 this thing may expire. We may have free wool then."

Senator JONES. You think it would be better just to make that continue until otherwise provided by law?

Senator WATSON. What did it cost 10 years ago?

Mr. CAMPBELL. About 1¼ cents or 1½ cents.

Senator GOODING. That is grease wool?

Mr. CAMPBELL. That is grease wool. In addition to that, we pay 2½ cents to the commission men in Boston for handling that wool. There is 20 per cent of the gross income right there.

Senator SMOOT. And the sheep owners are herding their own sheep now, are they not?

Mr. CAMPBELL. They are; some of them.

Senator SMOOT. Because they can not afford to hire herders?

Mr. CAMPBELL. No; they can not. They are doing the best they can.

Senator MCCUMBER. I repeat again, what commission do you pay?

Mr. CAMPBELL. We pay 2½ cents a pound in grease to the commission men for handling our wool and selling it to the mills.

Senator MCCUMBER. That seems to me, upon the face of it, to be a most outrageous charge.

Mr. CAMPBELL. There are some houses which charge us 3 cents.

Senator SMOOT. That commission covers insurance and covers the handling of the wool and sorting it and so on?

Senator LA FOLLETTE. Is not that an unusually high price? How long has that price prevailed?

Mr. CAMPBELL. They raised that about a cent in the last seven or eight years. It used to be 1½ cents.

Senator JONES. Mr. Campbell, it has been necessary in your State and the West generally for the sheepmen to own more land than they used to own, has it not?

Mr. CAMPBELL. Yes, sir.

Senator JONES. About to what extent has that come about?

Mr. CAMPBELL. Ninety per cent, I would say, fully, own their own lands in Arizona for summer and fall ranges outside the forest reserves. They have put in at least $10 a head in land for every sheep they own. You know that country is not densely sodded country; it requires a lot of land to a sheep or cow, and it is an arid country. We have spent thousands of dollars developing water. Fifty per cent of the sheep water at dams and tanks built by the owners at great expense. It is a great gain to the State for taxes.

Senator JONES. That situation prevails generally in that country, does it not?

Mr. CAMPBELL. It does; and to a great extent in New Mexico.

Senator JONES. And has the price of that land changed in recent years; is land selling for much higher prices than it did years ago?

Mr. CAMPBELL. You could not sell them at all now.

Senator JONES. I mean before this slump.

Mr. CAMPBELL. Yes.

Senator JONES. When you invested your money in the business?

Mr. CAMPBELL. When we were prosperous out there we were buying these lands at advanced prices and spending a lot of money developing and building up our business. But you can not sell those lands now; you can not borrow a dollar on them. You can not go to the War Finance Corporation or to the Farm Loan Board in Washington or out there and borrow a dollar on those lands.

Senator JONES. Did the sheepmen invest at rather high prices in those lands in order to preserve their business?

Mr. CAMPBELL. They did, and the regrettable part of it is that a lot of them have not got them all paid for, and they are apt to lose their lands as well as their sheep.

Senator LA FOLLETTE. What did those lands raise on the average?

Mr. CAMPBELL. They cost all the way from $1 to $5 or $6 an acre. Then, in addition to that, Senator, they have spent money to put the water on; they have got to dam up those canyons and arroyos to hold the flood waters.

Senator McCUMBER. How many sheep on an average can you feed on an acre of that arid land?

Mr. CAMPBELL. It takes about 10 acres to the sheep. [Laughter.]

Senator LA FOLLETTE. You will have to turn that around the other way.

Senator McCUMBER. About 10 acres to the sheep?

Mr. CAMPBELL. Just about.

Senator McCUMBER. And at $5 an acre it would take $50 to feed one sheep?

Mr. CAMPBELL. If you take the $5-an-acre land; that is better land. The arid land and plains lands will run about $1.50 an acre, but the better lands up in the foothills and the mountains will carry at about the rate of one sheep to 4 acres.

Senator JONES. Under the enabling act for Arizona and New Mexico, when the lands were given to the State, there was a minimum price put upon those lands of $3.50 an acre?

Mr. CAMPBELL. It was $3 an acre.

Senator JONES. $3 in your State, and in New Mexico $5 in part of the State and $3.50 in other parts?

Mr. CAMPBELL. Yes.

Senator WATSON. If it was worth $1.50 arid, what is it worth under irrigation?

Mr. CAMPBELL. It would run up to $300, $400, or $500 an acre in the best parts of the State.

Senator GOODING. He is speaking of rough lands.

Senator WATSON. I understand.

The CHAIRMAN. Is there anything further that you desire to state to the committee?

Mr. CAMPBELL. No, sir.

Senator WATSON. What is the relative number of sheep in Arizona now as compared with three years ago?

Mr. CAMPBELL. Arizona has almost as many as it had three years ago—just about the same. We have increased from 200,000 in 1893 to almost 1,000,000 sheep at present.

Senator JONES. I would like Mr. Campbell to give us his opinion as to what tariff he thinks we ought to have on the scoured wool.

Mr. CAMPBELL. I will tell you I do not know enough about this tariff question to go into details of what we need or what we have to have. But I will answer that question in this way: We can not raise wool in the grease that will shrink 63 to 66 per cent for less than 40 cents a pound at home, and if you folks can fix it that way we will live and get along and pay our debts. If not, there is nothing in giving us a tariff where we will have to wriggle and squirm to get along, and you might just as well give us the mercy shot and be done with it.

Senator LA FOLLETTE. What is the average clip for sheep?

Mr. CAMPBELL. The American sheep in Arizona will average 7¼ to 8 pounds per head.

Senator SMOOT. The average of all the sheep in the State is not that much?

Mr. CAMPBELL. No; the average, I take it, all over the State will be about 6½ pounds.

Senator LA FOLLETTE. What will that be on scoured wool?

Mr. CAMPBELL. Our southern Arizona wool shrinks about 60 per cent.

Senator SMOOT. About 2¾ pounds?

Mr. CAMPBELL. Yes; about 2¾ pounds.

Senator GOODING. Mr. Campbell, besides owning your own land on which you run the sheep part of the year, you run your sheep on the reserve, do you not, and pay the Government a fee, do you not?

Mr. CAMPBELL. Yes; we pay the Government; and then we have State land leases beside that.

Senator GOODING. So on your own lands you only run about from three to six months of the year?

Mr. CAMPBELL. Yes; well, on the lands in northern Arizona part of the sheep are run the year around. The sheep we run on forest reserves in summer are run in the wintertime on the State lands we have leased and on the desert.

Senator JONES. What breed of sheep do you run there in Arizona that will shear about 7½ to 8 pounds?

Mr. CAMPBELL. The Rambouillet and Merino type.

STATEMENT OF C. F. FAWCETT, CHICAGO, ILL., REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

Mr. FAWCETT. My name is C. F. Fawcett. I reside in Iowa, and am representing the American Farm Bureau Federation as director of wool marketing, and am a woolgrower in Iowa.

The CHAIRMAN. In any particular part of Iowa?

Mr. FAWCETT. West Liberty, Cedar County, Iowa.

The CHAIRMAN. Will you proceed, in your own way, to state your views to the committee concerning the schedules?

Mr. FAWCETT. In representing the American Farm Bureau Federation in this matter, with its membership of approximately 1,500,000 paid-up members, with an organization in every State, we realize that a broad view should be taken of the wool tariff, for it is a matter that affects not only the producer of wool but the consumer as well. We might state that approximately 1 out of 10 of our membership produce wool, but 10 out of 10 are consumers of wool. Therefore, any consideration of this matter as a representative of the farmers' organization should be taken with a view of the interests of both the producer and the consumer. But we think, Senators, we will have no trouble in showing that it is to the interests of the consumer that this sheep-and-wool industry be maintained as well as safeguarding the interests of the producer. I think we have had in the last few years tangible illustrations of what a fluctuating wool market has cost the consuming public. We find that the wool production in the United States in the last 10 years has decreased

on the average of 1,200,000 pounds annually, and in the same period of time our population has increased in excess of 13,000,000.

Senator LA FOLLETTE. How is that decrease distributed over the years? Has it been a pretty competent factor falling off about so much a year?

Mr. FAWCETT. It varies somewhat. But the decrease has been relatively uniform. It shows a uniform decrease of about 1,200,000 pounds annually.

Senator LA FOLLETTE. Can you state what it was for the 10 years preceding that?

Mr. FAWCETT. I have not the figures right here. I can not state it exactly. But, as a matter of fact, in 1910 our clip amounted to about 320,362,000 pounds, and in 1920 it had decreased to 308,507,000 pounds. It has been decreasing on an average of 1,200,000 pounds annually, and the rate of decrease has been quite uniform throughout the period. Our consumption is maintained at about 6 pounds per capita. Our population has increased 14 per cent, while our production of wool has decreased in excess of 4 per cent. Therefore, it is plain to be seen that the sheep-and-wool industry of the United States is following a course which, if pursued to its natural conclusion, will mean in the very near future, too, that we will be dependent upon foreign production for approximately 400,000,000 pounds of wool annually, and our bill to our foreign competitors will be in excess of $100,000,000 annually.

Last night I was reading one of the prominent live-stock papers of the country, and I found an article entitled "The status of the sheep business," which is written by John Clay, and when you mention the name of John Clay in the presence of stockmen he is at once recognized as an authority on live-stock matters. I will read briefly, with your permission, a few paragraphs, which illustrate the condition, to my mind, very clearly; and it is particularly significant coming from a man like John Clay [reading]:

Figures, as a rule, are dry reading, but it appears to my mind, so far as the sheep industry is concerned, they are of the deepest interest. They tell a tale which deserves attention, not only from the people engaged in the industry but from the whole country, and that includes the consumer.

First and foremost, our sheep census has declined in 10 years in round numbers 18,000,000 head—from 52,000 000 to 34,000,000. These are Government statistics, perhaps not absolutely correct, but near enough to show the terrific slump that has taken place.

If you want to verify it, go out to Idaho and Wyoming and speak to the sheepmen there. I doubt if Wyoming has a third of the sheep of 10 or 12 years ago.

Against these figures, so far as the year 1921 goes, we have an increase in receipts at our central markets of 2 per cent over 1920, but—and mark the following statement—54 per cent less have gone to the country.

And I might supplement that with this figure: That in the month of July the feeder movement to Iowa from Chicago was 66 per cent less than normal.

This means that 17 per cent more sheep have been slaughtered than a year ago. Here are the figures for nine corresponding months. which show increased slaughter in 1921 of 1,230,849, or 17 per cent greater than in 1920.

Worse than this and practically unseen is the fact that most of the ewe lambs of 1919-20 found their way to the slaughterhouse. There is scarcely an outfit in the West that has a regular rotation of ages in their flock. In my wide experience I could count the large outfits on my fingers who have flocks

with normal ages. As a result we have two crops of young ewes missing. These can not be replaced. No power on earth can bring them back. Even our prolific live-stock talking machines can suggest no remedy.

We are up against an inevitable situation which has worked and will work an immense amount of harm all over the country.

And a little later in this same article he makes a statement with reference to the condition in our section—what we call the "fleece-wool" section east of the Missouri River:

In the Eastern and Central States there is a steady, irresistible liquidation in the sheep industry. This side of the business is always spasmodic. It ebbs and flows like the tide. With improving prices the average farmer buys. If there is depression, more especially in wool, he rushes to sell.

That is just what is happening every day. I simply make that statement to show you the course of the sheep and wool industry, not only of the West but of the fleece-wool sections.

Senator LA FOLLETTE. What do you mean by fleece wool?

Mr. FAWCETT. That is a term we use to distinguish the territory from the corn-belt States. Roughly speaking, the section comprising the range States is the territory west of the Missouri River, or west of Kansas, Nebraska, and the Dakotas, and all east of that we call the fleece-wool States, which comprises the corn belt. The farm-wool section perhaps would be a better term.

Senator LA FOLLETTE. How much of the diminution of the sheep industry, if any, do you attribute to the cutting off of the ranges? They have been diminished, have they not, with the development of agriculture in a broad way? Has not that had some influence?

Mr. FAWCETT. That has had some influence, to be sure—admitted. But, Senator, we have large areas, vast areas, in the West that are capable of being developed and which will never be suitable for anything but grazing purposes.

Aside from that, a recent investigation by the Department of Agriculture—I say "recent"; it was two years ago—I believe, developed this interesting fact, that aside from the possible increase in the western country, there is a possibility of increasing our production in the fleece-wool States 150 per cent, because we find that only 1 out of 10 produce sheep, and that the number of sheep could be increased 150 per cent without seriously misplacing the other lines of live stock. Why? Simply because each year we have thousands and hundreds of thousands of tons of roughage in the corn belt in the way of corn blades, and weeds, and weed seeds, and grasses that could be profitably consumed and converted into wool and mutton if the proper guaranty of financial remuneration was there. It seems to be a well-laid plan of Nature for we people in the corn belt to rely upon the West for about 40 to 45 per cent of our feeding cattle, and about 55 to 65 per cent of our feeding lambs. The West is particularly adapted to the growing of animals, but they have not the facilities nor the proper feed to finish for market. Our land produces the grain—corn, oats, and roughage—that is required to fatten these animals.

Therefore, as I stated before, Iowa depends largely upon the West, or to a great extent upon the West, for its feeders; and whenever that supply is cut off, as it is at the present time, our method of marketing 80 per cent of our grain is impaired. We market approximately 80 per cent of our grain in the form of live sto k.

meats, and milk in Iowa; and whenever, gentlemen, you cut off our sources of supply you not only injure the live-stock industry but you cripple our grain production in a way that is far-reaching in its effect.

Aside from that, sheep are the greatest soil builders of any live stock we produce. That is generally conceded. We need them. Mr. Latta, who appeared yesterday, and who has been a feeder of lambs for 20 years, states that he can produce from 3 to 5 bushels of corn additional per acre upon ground that he has run his lambs on the previous year. They consume and thrive on approximately 90 per cent of the weeds in the corn belt. I do not think we need to dwell on that phase of the proposition longer.

Therefore it is not very hard to see how the consuming public is interested in the welfare of the woolgrower, and that is the position that the American Farm Bureau Federation has taken in supporting this amendment that is now before you of the 33 cents per clean-pound duty on wool.

In the hearings that we took part in in January and in December I think the difference in the cost of production of domestic wool and foreign wool was brought out quite plainly, and Mr. McClure referred to that in a manner that is convincing, that we can not compete with foreign production. That is admitted.

We are not asking for a tariff equal to the difference in cost of production at home and abroad. We think that would be unreasonable; we are not asking for that. But we are asking for a tariff sufficient to justify the development of the industry.

The CHAIRMAN. What tariff do you have in your mind?

Mr. FAWCETT. We have the 33 cents per clean-pound duty, with the ad valorem proviso eliminated; in other words, the amendment that Senator Gooding has presented.

Recently we have been confronted with this proposition: If we can not meet unrestricted trade in the production of wool, we should allow our production to be provided in foreign countries.

It seems to me that is a dangerous proposition. We find to-day that our manufacturers can not compete with foreign production in their line. Therefore, where are we going to stop with this proposition? The manufacturers are our only market for our wool. Therefore we are interested in seeing them have a sufficient protection to develop their industry, but we are not willing to see one industry profit at the expense of the other.

We had when our source of foreign supply was cut off in April, 1919, an acute shortage of wool. What was the result? The price has advanced approximately 300 per cent. It advanced to 72 cents a pound, 73 cents a pound, and 75 cents a pound on the half-blood wools. And right there the consuming public paid the price of a protective tariff for years to come such as would guarantee the development of the sheep industry of the United States. Therefore, I say, it is to the interest of the consuming public that we secure sufficient protection that will enable us to develop the industry.

The possibility of increasing the wool production in the United States was illustrated in the years 1918 and 1919, when the Government issued an appeal for increased production. In two years our production was increased 31,000,000 pounds of wool. That simply

illustrates what can be brought about if the proper incentive was there.

We can not maintain our industry on mutton and lamb as the only source of revenue. The present Tariff Commission in its recent report on the cost of production gives the percentage of the revenue derived from breeding ewes as 52 per cent for the lamb and 48 per cent as the percentage of profits derived from the wool shorn from the breeding ewes.

Referring to the gains in the wool production of 1918 and 1919, the Tariff Commission makes this quotation:

> The recent gains in the number of sheep east of the Rockies—that is, our fleece-wool section—was undoubtedly entirely the result of the high wool prices and other favorable factors, but these gains appear to have been lost as the result of the unprofitable season of 1920.

It is plain to be seen that we can not maintain our industry on mutton alone as sole means of revenue, as has been the case for a year, due to paralysis of the wool market.

Senator LA FOLLETTE. Will you just state those percentages again—the difference between mutton production and wool production?

Mr. FAWCETT. Yes; the revenue from breeding ewes was divided in this way: Fifty-two per cent for the lamb and 48 per cent for the wool.

Senator WATSON. You agree with those figures, do you?

Mr. FAWCETT. Yes; we agree with those figures, for this reason, Senator——

Dr. McCLURE (interposing). That does not take into consideration the wool which comes off the lamb pelt. When you figure that wool in, the figure from wool is 55 per cent and from mutton 45 on a mutton flock. Do you understand what I am getting at? When you sell the lamb the whole lamb is credited to mutton, but there is a large percentage of the value of the lamb represented by the wool that is on him.

Senator LA FOLLETTE. At what age are they sold?

Dr. McCLURE. At the age of 5 months, and carry from 3 to 6 pounds of wool; I think on the average 4 pounds.

Mr. FAWCETT. That was not considered by the Tariff Commission. In Illinois and Indiana, in our fleece-wool States, an investigation by the extension department of our college verified the figures of the Tariff Commission as to cost of running the ewes for a year, it being just a trifle higher in the fleece-wool States than it was in the range States, about $8.50 a head. Of course, we realize that that cost has been greatly decreased. We also realize that the foreign cost has been decreased in the same ratio. Therefore, our relation to the foreign production is at the present time approximately just as it was in 1919.

Senator LA FOLLETTE. In normal times what is the cost per head?

Mr. FAWCETT. Recently in the western part of Dakota I was talking to several of the larger operators there under range conditions, and they claimed they had reduced their cost of running to about $5.50 per head.

Senator LA FOLLETTE. That is at the present time?

Mr. FAWCETT. That is at the present time.

Senator LA FOLLETTE. How was this, say, along in 1914?

Mr. FAWCETT. In 1914? I do not think we have any Government statistics on that, have we, Mr. Marshall?

Mr. MARSHALL. The Tariff Commission for 1910 figures $2.40.

Dr. MCCLURE. About $3.50.

Mr. FAWCETT. As to the effect of 35 per cent ad valorem limitation clause, as it affects the wool in the fleece-wool sections, I want to just distribute this little table that illustrates a fact, and will make it brief:

Domestic wool protection under Fordney tariff.

Domestic grade.	Shrinkage.	Clean content.	Grease value (per pound).	Clean-content value (per pound).	Duty per grease pound, on basis of 25 cents per pound of clean content.	Duty per grease pound due to 35 per cent limit.	Duty per clean-content pound due to 35 per cent limit.
	Per cent.	*Per cent.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
Choice Ohio delaine	60	40	34	85	10	11.9	29.7
Average fine staple	63	37	29.5	80	9.3	10.4	28
Average fine clothing	65	35	22	63	8.7	7.7	22
Average half-blood staple	58	42	27	65	10.5	9.5	22.7
Average three-eighth blood	53	47	23.5	50	11.9	8.2	17.5
Average one-fourth blood	46	54	21	39	13.5	7.3	13.6
Medium clothing	50	50	20	40	12.5	7	14.1
Average low one-fourth blood	42	58	15	26	14.5	5.2	9.1
Braid	36	64	13	20.3	16	4.5	7.1

We will not take time to go into details, but I wish to refer you to the sixth item, "average quarter blood." That is the grade into which the majority of our fleece wools fall, which comes from the Down breeds. We find in that a shrinkage of 46 per cent, a clean content of 54 per cent, and a grease value per pound on the present-day market would be 21 cents, or 39 cents clean.

On the basis of the 25 cents per clean-pound content the grower would be afforded a protection in the grease of 13½ cents. But the 35 per cent ad valorem limitation reduces that protection to the grower to 7.3 cents or 13.6 cents on the scoured basis.

That is the effect that the 35 per cent ad valorem limitation has on the wools that we produce in the fleece-wool States.

Senator SMOOT. On another wool that is produced with a shrinkage less than that it is still lower?

Mr. FAWCETT. Exactly, Senator. The point I was trying to make is that 65 per cent of the wool we produce in the fleece-wool States fall in these medium grades. Now, the compensatory duty in this bill to the manufacturer is based on the 13½ cents. Yet our protection is reduced to 7.3. We claim that is unjust discrimination that can not be justified.

Senator GOODING. In other words, the manufacturer is given a specific duty of 36 cents on each pound of cloth, based on the shrinkage of wool at 66⅔ per cent?

Mr. FAWCETT. That is the average shrinkage of domestic wool.

Senator SMOOT. It is more than that.

Mr. FAWCETT. We find on the low quarter the difference is even greater. The 25 cents per clean-pound content would give us a protection of 14½ cents per grease pound, and is limited to 5.2 cents by the 35 per cent ad valorem duty.

Senator SMOOT. A 36 per cent would be only 4.5 cents?

Mr. FAWCETT. Yes, sir. We find to-day, as recently reported by Mr. Russell, who was a member of the agricultural commission to South America, who recently made his report to the live-stock men who met in Chicago, that there are tremendous quantities of South American wool that would come in competition with the medium grades of domestic wools that have practically no value to-day. He referred to one warehouse there which had 100,000,000 pounds of low wools that was waiting an offer.

Senator JONES. Let me ask you, are these present prices of wool stated in this table?

Mr. FAWCETT. Approximately. You understand that in a given grade—take the average quarter blood. We have the Ohio quarter blood with a value of approximately 24 cents. That is very light shrinkage. We have the Idaho and Utah quarter bloods, with heavy shrinkages, that would go below 20 cents per grease pound valuation.

Senator JONES. These are Boston prices?

Mr. FAWCETT. Boston prices. From that should be deducted 2½ to 3 cents, and in some cases as high as 3¾ cents, per pound freight.

Senator JONES. And that is on the grease-wool basis?

Mr. FAWCETT. On the grease-wool basis. From one point in Nevada the average freight is 3¾ cents per pound. Therefore from these prices that appear here should be deducted approximately 6 cents per pound in order to arrive at the value the woolgrower receives for his commodity.

Senator SMOOT. Loaded on the car?

Mr. FAWCETT. Yes; f. o. b. cars.

Senator JONES. Your prices here are based on the grease value per pound?

Mr. FAWCETT. Yes, sir; they are based on the grease value per pound and also the clean-content basis on the shrinkage.

Senator GOODING. The grower pays for the scouring of the wool. The wool is bought on the scoured basis. He pays the freight and also pays the commission and pays the scouring.

Senator SMOOT. The grower does not pay the scouring?

Senator GOODING. I think that is figured in the purchase when a man buys wool in the West.

Senator SMOOT. Not the commission men; I do not know what they figure it out.

Senator MCCUMBER. At any rate, it pays it indirectly?

Mr. FAWCETT. He pays it indirectly.

Senator JONES. He has prices here of scoured wool.

Senator SMOOT. That is on the basis of the shrinkage?

Mr. FAWCETT. We have here another table that I want to call to your attention, and we will not delay longer.

(The table presented to the committee by Mr. Fawcett is on file with the clerk of the committee.)

We have here the number of sheep in the United States. We have the cost of imported wools, and we also have the cost of imported manufactured goods in dollars, and it will be seen that in the last 30 years that the value of imported manufactured goods is not equal to the cost of the importations of grease wool.

The point I am getting at is that we woolgrowers have been subjected all these years to foreign competition of a more damaging

character than has the manufacturer. And even with the enhanced value of the wool in the manufactured article, the value of imported manufactured articles have not equaled that of imported wool, which has been as high as $260,000,000 in one year.

Also I wish to call to your attention the number of sheep as relating to the protection on wool.

It will be seen that in 1894 to 1897, the period of unrestricted trade in wool, the number of sheep in the United States decreased 1,000,000 head annually, and the amount of wool decreased in that same period approximately 6,000,000 pounds. We will not delay longer on that table.

In conclusion, I want to say, Senators, that we are pursuing a course which, without relief, will necessitate our standard of living and the value of our lands being lowered to that of our foreign competitors. We think the industry is worth saving, and that is what we are asking you for—protection to justify the development of our industry, and the American Farm Bureau Federation is asking for the enactment of the 33 cents per clean-pound duty, which we think is not an unjust protection.

The CHAIRMAN. Mr. Fawcett, the committee is greatly impressed with the importance of the industry and are glad to do all they can to promote its prosperity.

If you have a brief, it may be inserted in the record.

BRIEF OF C. F. FAWCETT, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

In considering the permanent tariff on wool as a representative of the American Farm Bureau Federation, a broad view of the subject must be taken, for not only does our organization represent the woolgrowers of our country, who produce 50 per cent of our consumption of wool, but also the largest individual group of consumers of woolen products in our country, viz, the agricultural population. Our membership consists of approximately one and a quarter million individual agricultural producers embracing organizations in every State in the Union. Of this number approximately 1 in 10 produce wool, but all are consumers of wool. Therefore, any just and intelligent consideration of the wool tariff from the standpoint of the American Farm Bureau Federation must be made with the interests of both the producer and the consumer in view.

OUR PLACE IN WORLD'S CONSUMPTION AND PRODUCTION.

As a basis for consideration it may be stated that we, as a nation, consume about one-fifth of the world's supply of wool but droduce only one-tenth, and the spread is even greater as our population increases. Our production of wool should increase as domestic consumption increases, but statistics show that our domestic production has been steadily decreasing at the rate of about 1,200,000 pounds annually for the last 10 years, our wool production in 1910 being 321,362,750, and in 1920, 308,507,000, while our population has increased over 13,000,000, or 14.9 per cent. Yet our consumption is uniformly maintained at about 6 pounds per capita, which accounts for the constantly increasing volume of imported wools. In 1910, 44.7 per cent of our domestic consumption was imported, while in the year 1920 we imported 58.9 per cent of our domestic needs. Thus it will be seen that instead of our production of wool keeping pace with domestic consumption it is not even being maintained at par. The sheep and wool industry of the United States is swiftly pursuing a course which, if followed to its natural conclusion, will mean that our people will be compelled to rely on foreign production far in excess of 400,000,000 pounds of wool annually, also a large per cent of our supply of mutton, and our bill will be around $100,000,000 annually to our foreign competitors.

IS WOOLGROWING INDUSTRY WORTH SAVING?

The proposition resolves itself into the question as to whether or not the industry is going to be maintained in the United States. It has been said that if foreign competition can not be met by our domestic woolgrowers we should depend upon foreign countries for the principal part of our wool supply and our land should be devoted to other lines of production. To-day the same thing applies to manufacturers of wool as well as practically all other commodities, and we take it that the difference in the cost of production of manufactured articles at home and abroad is as great or even greater than the cost of production of foreign and domestic wools; therefore, the question might also arise, is our manufacturing industry worth saving? If one industry is worth protecting, so is the other, and the fallacy of such an argument of allowing home industries to be destroyed by foreign competition is apparent to all. It was very evident in April, 1917, the date upon which we entered the World War, that we were altogether too dependent upon foreign countries for our supply of raw material, thus the cutting off of our foreign supply developed an acute shortage of wool that caused the Government to commandeer the domestic clip and caused Peyton C. March, Chief of Staff of the United States Army, to make the following assertion, which was given wide publicity in the public press, "We must commandeer, and have done so, all of the wool of the United States, and have taken the wool of Argentine. We are going to put the whole civilian population on shoddy for the next year." When the shortage of wool at that time became evident, a call was issued by the Government for increased production of wool to meet the Government and civilian requirements. The result was an increase of 31,746,000 pounds in two years, from 1917 to 1919, which illustrates in a small way at least the possibilities of increasing production in this line if the proper encouragement were constant.

At the close of the war tremendous volumes of wools were dumped on our markets by foreign competitors free of duty. The Government found itself in possession of approximately 450,000,000 pounds that were accumulated during the war period, which of necessity had to be disposed of in the domestic markets. During all this period from 1913 to May 27, 1921, our manufacturers were protected by a 35 per cent ad valorem duty, while we by law were compelled to market our commodity on an open market in competition with the cheaply produced foreign wools and buy the manufactured article in a protected one. Thus it will be seen that conditions changed from an acute shortage developed during the period of war to the greatest surplus of wool our country has ever known. All of this happened in a short period of 18 months. This condition was brought about by unrestricted foreign competition, for as soon as transportation facilities were restored with foreign countries, following the war, wool manufacturers satisfied their needs from foreign wool to almost the total neglect of the domestic wool clip of 1920. We maintain that no industry can continue to thrive and develop with such fluctuating conditions and markets. The danger of being dependent upon foreign production for the larger per cent of our own consumption of such a necessary commodity as wool has been thoroughly demonstrated. When the fact is known that our production is rapidly decreasing and our consumption increasing at an equally rapid rate it is not difficult to understand how the consumer is vitally interested in seeing the wool industry developed in this country and why he is willing to submit to such additional cost on foreign production caused by reason of the wool tariff as is necessary to maintain and develop the domestic industry.

INDUSTRY CAN NOT THRIVE ON MUTTON AND LAMB AS ONLY REVENUE.

It is conclusively proven that the sheep industry can not continue to thrive solely from mutton as revenue. The Tariff Commission, in its recent report, makes the statement, referring to the gain in the number of sheep in the United States during the war period, that "recent gains in number of sheep east of the Rocky Mountains were entirely the result of high wool prices and other favorable factors, but these gains appear to have been lost as the result of the unprofitable season of 1920." Indeed they have all been lost, and much more, as is indicated by the liquidation that is now taking place. In the season of 1920 the number of sheep marketed at 16 of our principal marketing centers was 35 per cent greater than the number marketed in 1916 or in normal years, and in the first six months of 1921 the number of sheep arriving at nine of the principal live stock markets was 1,397,844 greater than the first six months

of 1920. A recent survey by the Illinois Agricultural Association of the number of sheep in Illinois shows a decrease in that State of 40 per cent from number carried in 1920. The sheep is a dual-purpose animal. The income from the sheep is divided, according to the late report of the Tariff Commission, into 52 per cent for lambs and 48 per cent for wool. Therefore it is plainly evident that the sheep industry can not profit when either the revenue from the sale of mutton or for the lamb is cut off.

RELATION OF PROTECTIVE TARIFF TO INDUSTRY.

An examination of the periods in which we were supposed to have had a protection on wool reveals a very close relationship between protection on wool and the number of sheep being raised in the United States. In 1894, as you will see by the chart before you, at the beginning of four years of free-trade administration the number of sheep in the United States was approximately 42,000,000, and at the close of the administration the number was 38,000,000. This decrease of 1,000,000 per year took place in a period when the western country was developing at a rapid rate, and there were great possibilities for developing the industry if the proper incentive and revenue derived therefrom had been apparent. From 1897 to 1903, the period in which the Payne-Aldrich bill was in force, the number of sheep in the United States increased from 38,000,000 to 62,000,000, which demonstrates the possibility of increasing our wool production in the United States if the woolgrowers were assured of any degree of stability in the wool trade.

The tariff, as applied to wool, has been a hit and miss proposition for 50 years; has been a political football and used for political capital. The woolgrower has had a market for his commodity one year and the next year the market is practically wiped out by excessive importations of wool. This was illustrated in the seasons of 1919 and 1920, in which time the price of wool decreased in six months from 75 cents a pound on half-blood wools to 25 cents for the same grade of wools.

No industry can develop any degree of permanancy while subjected to such violent fluctuations in the market for its products.

IMPORTANCE OF MAINTAINING INDUSTRY FROM AGRICULTURAL STANDPOINT.

The importance of maintaining the sheep industry in the United States, from an agricultural viewpoint, can not be overestimated. Vast areas in the West are particularly suitable to the grazing of sheep and will never be adapted for any other purpose. In the corn belt it is estimated that sheep are kept on 1 farm in 10 and that the number of sheep in this territory could be increased 150 per cent without seriously misplacing other lines of live stock. This is borne out by a statement following a survey recently made by the Department of Agriculture. The sheep rank first of all live stock as soil builders, and in the corn belt each year untold tonnage of roughage goes to waste that could profitably be converted into wool and mutton and would be if farmers were assured of a stable market for the product. It seems to be a well-laid plan of nature for the western range States to produce feeding lambs and feeding cattle to consume our grain raised in the corn belt. We, in the corn belt, depend upon the West for 65 per cent of our feeding lambs and about 40 to 45 per cent of our feeding cattle. Whenever our source of supply of feeders is destroyed, the means of marketing 80 per cent of our grains of the corn belt in the form of live stock is also destroyed. It is very evident, therefore, that maintaining a wool market in the United States is far-reaching in its effect, as sheep can not be grown profitably for mutton alone. The destruction of the wool market will greatly reduce the number of sheep raised in the United States, which will automatically cut off our supply of feeder lambs, and we will depend to a greater extent upon the foreign countries for our wool production and, if carried to a logical conclusion, will also be dependent upon foreign production for a large portion of our mutton and lamb.

COMPARATIVE COST OF RUNNING SHEEP.

The Bureau of Markets has recently stated the cost of running sheep for one year in Australia, which is the greatest wool-producing country, to be about $1.96 per head, while our Tariff Commission, in its recent report, has

stated the cost of running in the years of 1918 and 1919 in the United States to be around $8.50, and the cost of production of wool, on a basis of 52 per cent of the revenue derived from breeding ewes for lambs and 48 per cent for the wool, to be about 45 cents per pound, and for the same years in the fleece-wool States investigations by the extension departments of the agricultural colleges of Indiana and Illinois show the cost of running ewes in the fleece-wool section to be a trifle higher than in the West. While the cost of running sheep is now being greatly reduced in the West, as well as in the fleece-wool States, a reduction in cost to that of our foreign competitor is impossible and always will be impossible, for his costs are decreasing at the same rate as ours; and it is likewise impossible for the manufacturer of our commodity to compete with foreign manufacturers, who employ labor at about one-fifth of the domestic wage.

RESULT WITHOUT RELIEF.

One of two things is evident: If unrestricted trade in the wool business continues, we, as wool and mutton growers, will be forced out of business or our standard of living and values of our property will be reduced to that of our foreign competitors. Therefore it is necessary, in view of the interests of the wool producer, manufacturer, and consumer, that we have adequate protection for both raw wool and for the manufactures of raw wool in order that our industries may be maintained and home consumption supplied. Therefore, on this basis, leaving it to the interests of all concerned, we are asking for a tariff, not equaling a difference in cost of production of foreign and domestic wool, for such a tariff sufficient to cover this valuation in cost would result in a burden upon the consuming public, but we are asking for a conservative tariff such as will afford the woolgrowers some assurance of permanency in market conditions and justify development such as will meet the needs of our ever-increasing consumption. We believe it is to the interest of the consuming public that such a protection be given the woolgrowers, and we believe they are willing that we should have it. However, it is unjust that either the woolgrower or the manufacturer of wool be allowed protection and to profit at the expense of the other.

AMERICAN MANUFACTURERS ONLY OUTLET FOR DOMESTIC WOOL.

We are not unmindful of the necessity for protection for wool manufacturers, who afford our only market for domestic wool. Without them as a market protection would be of no value to us, but the reverse is not true. Unfortunately for the woolgrower and exceedingly dangerous for the consumer, the manufacturer could exist on a free-trade basis without a pound of wool grown in the United States; and by their actions in the season of 1920, when they consistently refused to buy domestic wools, even though they were offered at a price at which foreign wools of similar grade, shrinkage, and character could be purchased, it appears they have little interest in the domestic woolgrowing industry; and whenever our tariff laws are such that one industry is allowed to profit at the expense of another, which has been the case with the manufacturer and woolgrower, a dangerous condition is developing, and just such relations as have been developed in this connection are what is causing so much unrest and dissatisfaction with governmental affairs. It is generally conceded that every wool tariff that has been written for the last 50 years has been discriminatory against the woolgrower in its nature, and by clever phrasing has misled the woolgrower and the consuming public as to the actual protection the woolgrower was receiving and the actual portion of the increased retail price, caused by duties, that were allowed the manufacturer.

EFFECT OF PAYNE-ALDRICH BILL.

The notorious Payne-Aldrich bill provided for 11 cents per grease pound on class 1 wools presented in original state. Upon this basis it was estimated that 4 pound of grease wool, shrinking 66⅔ per cent, would be required in the manufacture of 1 pound of cloth, and the manufacturer's compensatory duty, which is a duty compensating him for the additional cost of his raw material caused by the duty on wools, would be adjusted accordingly. Therefore, on the basis of 11 cents per grease-pound duty and an estimated shrinkage of 66⅔ per cent, the manufacturer's compensatory duty was placed at 44 cents per pound of cloth. The "joker" to the woolgrower in this tariff was intro-

duced in the clause providing that skirted wools, as imported in 1890 and prior thereto, are hereby excepted. The skirting process consists of segregating from the fleece, as it is shorn from the sheep, certain portions, such as neck and belly wool, that represent the portion shrinking the greatest. Fleece thus altered contains only the longest staple and lightest shrinking wool. By the skirting process, which was practiced practically on all wools exported to America under this tariff, the average shrinkage was reduced from 66⅔ to 48 per cent, as reported on page 18 of the Tariff Commission's report on the woolgrowing industry. Thus it will be seen that the manufacturer, instead of securing 33⅓ pounds of clean wood from 100 pounds of grease wool, at a cost of $11 through the skirting process, was able to secure 52 pounds of clean wool out of the 100 pounds of grease wool, at a cost of $11. Therefore, as a result of this skirting process the manufacturer's clean wool cost him 21 cents per clean pound instead of 33 cents, which reduced the protection to the average domestic woolgrower from 11 cents, which was the duty named in the law, to 7 cents. The first injustice of this proposition is found, however, in the fact that the domestic wool market is never increased the full amount of the duty levied, yet we find the manufacturer is allowed as a compensatory duty, which is only for the purpose of compensating him for the additional cost of his raw material caused by the protection to the woolgrower, the full amount of the duty named, 11 cents. The market was not increased to the domestic grower 11 cents, neither was his protection allowed to stand at 11 cents.

This is the first of the injustices to the woolgrower. Inasmuch as the skirting clause reduced the average protection to the domestic grower to 7 instead of 11 cents, the manufacturer's true compensatory duty should have been, under the Payne-Aldrich bill, on the basis of 4 pounds of grease wool making 1 pound of cloth, four times 7, or 28 cents, instead of four times 11, or 44 cents. In this way it will be seen that the manufacturer was allowed a protection of about 16 cents per pound of cloth more than the additional cost of his raw material caused by the duty on grease wools. Therefore, his compensatory protection is 36 per cent greater than it ought to be. Again, under the Payne-Aldrich bill, the manufacturer was allowed a 55 per cent ad valorem duty protection on the full value of a yard of cloth. It is shown by the tariff commission of 1910, in their publication as to the relative cost of the various steps in the manufacture of a choice worsted suit of clothes from the raw material to the finished product, that the manufacturer's selling price of the 3½ yards of cloth required was $6.07. That the cost of manufacturing the cloth was 60 per cent of the sale value, or $3.62, and the cost of the raw material entering therein was $2.45, or 40 per cent of the total cost. By law the manufacturer was allowed a protective duty of 55 per cent ad valorem of the selling price, or 55 per cent of $6.07, the total cost, or $3.33. As a matter of fact, the manufacturer in the compensatory duty has been more than compensated for the additional cost of the raw material caused by the tariff on grease wool; therefore, as protection against the foreign manufacturer of his commodity, he is entitled to protection on only the cost of manufacturing, which in this case is 60 per cent, or $3.62; yet the law allows him 55 per cent of the total cost, including the cost of the raw material on which he has been more than compensated; hence, the manufacturer's protection of $3.33 is 92 per cent of the total manufacturing cost of $3.62; so, instead of the manufacturer enjoying a protective duty of 55 per cent, his protection against foreign manufactured goods has been raised to 92 per cent.

This would apply if the finished article was made of all wool, but as a matter of fact a great majority of the domestic manufactured cloth contains a high percentage of shoddy. The law makes no distinction. We find that in the year 1917, according to the Federal Trade Commission's late report upon the investigation of the woolen-rag industry, the amount of wool substitute manufactured in the United States was 184,000,000 pounds, which is more pounds than there were pounds of scoured virgin wool produced in the United States that year. Statistics show that very little wool shoddy is exported, therefore it must be used in the manufacture of goods in the United States or the industry would not show such tremendous development as has taken place in the last few years. By law the manufacturer is allowed a duty of 92 per cent of manufacturing costs in addition to a compensatory duty of 36 per cent greater than the protection afforded the woolgrowers by the same measure, as has just been illustrated, and in case the cloth manufactured contained a high percentage of shoddy which was manufactured in the United States, and probably in their own mill and has never been subjected to a tariff on the raw material, his duty

would be greatly increased in addition to the high percentage named. Thus it will be found that the manufacturer's protection has been multiplied, while the protection to the woolgrower has been reduced to the vanishing point by clever phraseology.

TARIFF OF 1913.

In the Underwood tariff, effective in 1909 to 1913, we find the apparent discrimination open and above aboard, the manufacturer being allowed a 35 per cent compensatory duty upon his products and the woolgrower compelled by law to market his commodity on an open market and purchase the manufactured articles in a protected one. This is gross discrimination against the producer which is unjustifiable, for the wool is the woolgrower's finished product and the cloth is the manufacturer's finished product, and allowing one industry to profit at the expense of another is not characteristic of a true republican form of government.

FORDNEY BILL.

Now comes the Fordney bill, with no effort to conceal an apparent flagrant injustice to the woolgrower. This bill provides for a duty of 25 cents per pound of clean content, and the manufacturer's compensatory duty is based thereon, but the usual joker for the woolgrower is introduced and his protection denied him, this time in the form of a 35 per cent ad valorem duty limitation, which in its effect is illustrated comprehensively in the table now before you. Upon 65 per cent of the domestic wool production in the United States the protection will be limited by the 35 per cent ad valorem duty and therefore will be reduced to about 6 to 7 cents per grease pound, while the manufacturer's duty is allowed to pyramid, as in former tariffs, and reaches any place from 55 to 175 per cent ad valorem duty. The sixth illustration in the table that is before you, the average quarter-blood wool and similar medium grades shrinking 46 per cent, with a value on to-day's market of 21 cents per pound in the grease or 39 cents clean, would provide a grease duty on the basis of 25 cents per clean pound of 13½ cents, yet limited by the 35 per cent ad valorem of its market value, which is 21 cents in the grease or 3 9cents clean, the grease-pound protection to the woolgrower is decreased from 13½ cents per pound to 7.3 cents. Likewise it will be seen that on the "low-quarter" combing grade protection will be reduced from 12½ cents per pound, as would be provided on the 25 cents per clean-pound duty to 7 cents under the 35 per cent ad valorem limitation clause, yet the manufacturer's compensatory duty is based on the full 25 cents per clean-pound duty. Such discrimination is hard to understand. It can only be explained in two ways, either through ignorance of its effect upon the actual protection to the woolgrower in its application or an intent to provide the manufacturer with a high protective tariff and reduce the protection to the domestic woolgrower to a minimum. We woolgrowers prefer to think it was the former.

Apparently there is a desire upon the part of authors of various tariff provisions to conceal the actual protection afforded the manufacturer of woolens and have the consuming public think the major portion of the high retail values is due to tariff on and the cost of the raw material. The Tariff Commission of 1910 traces the cost of the various steps of manufacture from raw wool to finished product of a choice worsted suit of clothes. It was found that 9.7 pounds of wool were required to manufacture 3.6 yards of cloth, which is required for an average size suit of clothes. As previously explained, the woolgrower's protection, by reason of the light-shrinking foreign wools, was reduced from 11 to 7 cents per pound; thus it will be seen that the woolgrower enjoyed a protection upon the 9.7 pounds of wool entering into this suit of clothes at the rate of 7 cents per pound, or 67 cents. On this ratio, under the Payne-Aldrich bill, of 4 pounds of grease wool to 1 pound of cloth, the cloth for a suit of clothes would contain 2.4 pounds. The law provided a compensatory duty of 44 cents per pound of cloth, or 95 cents. It further provided for a protective duty of 55 per cent of the total cost of the cloth, $6.07, which is $3.33. This added to the compensatory duty of 95 cents would mean a total duty allowed the manufacturer of $4.28. Thus it will be seen that the part of the additional retail price of the finished suit of clothes which the protection afforded the woolgrower is responsible for is represented by 67 cents and the portion for which protection afforded the manufacturer is responsible for is $4.28, if retail price is raised by full amount of protection allowed manufacturer. In the Underwood bill no attempt was made to conceal respon-

sibility for additional cost of manufactured articles caused by the tariff, and now comes the Fordney bill with, apparently, another attempt to deceive not only the consuming public but the woolgrowers themselves, and strikes a death blow to the domestic wool industry. We do not propose that the woolgrowers, nor the consuming public at large, shall be deceived as to the actual effect of the wool tariff provided in the Fordney bill upon the retail values and upon the woolgrowing industry of the United States.

If it is the disposition and desire of this body to give the woolgrower, whose cost of production is probably twice as great as in foreign countries, a protection of only 5, 6, or 7 cents, and allow the manufacturer a protection of 50 to 200 per cent ad valorem, it should be made plain. An ad valorem duty as is sought by one powerful group, according to both the Tariff Commission of 1910 and the present Tariff Commission, is not feasible as it is applied to duty on wool, as it gives protection when needed least. In the present situation, when the medium wools, which constitute 65 per cent of our domestic production, are in little demand and the price very low an ad valorem duty would be entirely inadequate. Two years ago, when medium wools were 300 per cent higher than at the present time, an ad valorem duty of the same rate would represent excessive protection. A specific duty of so much per grease pound is unjust, as it represents a relatively high duty on the heavier-shrinking wools and a low duty on low-shrinking wools. To illustrate, a specific duty of 12 cents a pound would simply mean a duty of 17 cents per clean-pound content on wools shrinking 30 per cent, while on wools shrinking 70 per cent would mean a duty of 40 cents per clean-pound content. Therefore, it will be seen that a specific duty in the grease represents a relatively higher tariff on the heavy-shrinking wools.

CONCLUSION.

Two governmental agencies have been appointed to make a thorough investigation of the woolgrowing industry, of comparative costs of foreign and domestic production and proper basis for applying duties. The Government has created these agencies at a high cost, and both the Tariff Commission of 1910 and the present Tariff Commission have recommended that duties upon raw wool be levied on the clean-content basis. Therefore, the woolgrowers are accepting the recommendations of your agencies, made after an extensive and thorough investigation, the wisdom of which is unquestionable, for the clean content is the basis upon which all grease-wool transactions are made and is the basis for determining valuation. So the logical conclusion would be that it is the proper basis upon which to levy a tariff and a basis which would be fair to both the producer, manufacturer, and consumer. Therefore, the woolgrowers are asking for a specific duty of 33 cents per clean-pound content, and any compensatory granted to the manufacturers should be based on the actual protection given the woolgrower. We ask for a conservative law that will justify the development of the sheep and woolgrowing industry of the United States as well as the manufacturing industry and one that the consumer will be willing to pay as necessary to insure a constant supply.

STATEMENT OF HUGH SPROAT, BOISE, IDAHO, REPRESENTING THE IDAHO STATE WOOL GROWERS' ASSOCIATION.

Mr. SPROAT. I reside at Boise, Idaho.

The CHAIRMAN. What is your occupation, Mr. Sproat?

Mr. SPROAT. I am a woolgrower.

The CHAIRMAN. Do you represent any organization?

Mr. SPROAT. I represent the Idaho Wool Growers' Association.

The CHAIRMAN. Please state to the committee your views concerning these questions which the committee has been considering.

Mr. SPROAT. Before stating my views regarding the proposed changes or what we hope will be changes in the Fordney tariff bill, I would like to thank the members of the Committee on Finance, and also the Members of the Senate, for the action taken yesterday on the emergency tariff. It will mean a stiffening of the backs of my people in Idaho to-day when they get that information, and I

hope it will go through and be approved by the House as the Senate has passed it.

I am going to disagree with many of the Members and also with the Senator from Idaho as to the amount of duty that they think we should have when they ask for 33 cents per pound on the scoured basis. I do not know a great deal about the manufacturing end of the business; in fact, I practically know nothing about it, excepting perhaps what I learned the few times I have been through the mills and seen the manufacturing operations. I visited a large worsted mill at the end of last week and saw the cloth as it was going out from that mill. We saw some very fine serge worsteds, better serge than we usually get in clothes in our part of the country. The price they told me was $2.75 a yard. There are approximately 3 yards, perhaps a little more, in the average suit of clothes.

Senator SMOOT. Oh, yes; 3½ yards.

Mr. SPROAT. Well, 3½ yards. Figuring $2.75 per yard, there is not quite $10 worth of cloth in the average suit of clothes after the manufacturer has gotten through with it. The woolgrower has produced the wool, the railroads have hauled it, the dealer has taken his profit out of it, the manufacturer through all its processes has got that wool to a place where it is ready to be made into a suit of clothes, and the price is less than $10.

Senator MCCUMBER. That is for the cloth alone?

Mr. SPROAT. For the cloth alone.

Senator GOODING. And it is all wool.

Senator MCCUMBER. I mean it does not include the linings?

Mr. SPROAT. No; it does not. But when we come to buy suits of that material we will be asked—even to-day, with the reduction in prices—from $80 to $100 by the tailor for that class of goods. It was an exceptionally good piece of material.

I think that perhaps the woolgrowers in asking for 33 cents a scoured pound are low in their estimates. My opinion is that it ought to be around 45 cents. I do not anticipate we will get it, but at 45 cents a scoured pound the duty on the wool contained in the best suit of clothes would not be much more than $1.50 And $1.50 on a $90 or $100 suit of clothes is not a great deal.

My reasons for asking for higher protection than under former tariffs is this: That our overhead has increased so enormously in the past three or four years. When I went to Idaho, 23 years ago, our system of running sheep was this: We had a ranch in the foothills growing two or three hundred tons of hay, with a good deal of surrounding range. That ranch was extremely valuable, from the fact that during the winter, in case of a heavy storm with deep snow, we could trail the sheep into the ranch for a few days and feed hay; and we could run from 5,000 to 7,500 head of sheep around those ranches.

With the land legislation such as we have been getting in the past few years, providing for 320 and 640 acre homesteads, that range is practically gone. I have two such ranches, and they are almost valueless now, so far as winter range for sheep is concerned. We have changed our system entirely. The 640-acre homestead has practically completed the destruction of our lambing ranges. We were dependent on the foothills for lambing in the springtime. We have

now been compelled to drop back to February lambing in southern Idaho and to lambing in the sheds, under a good deal more expense for feed than it used to be when we wintered through on a little hay, perhaps a little corn, and used the outside range. That range is gone, and now it is a feeding proposition, heavy feeding, too, because to get the lambs and keep them in good condition we must never lose what is known as the milk fat; we must keep the ewes in good shape in order to keep the lambs coming right along, which makes a good deal more expense and at the same time makes it necessary for us to own hay ranches.

A few years ago, when hay was around $15 to $20 a ton, we always had to pay more on the ranch where our lambing sheds were located; and during the good times—what we called our "good times," when our paper profits appeared to be considerable—we invested in considerable high-priced lands, besides investing in range lands. This high-priced land to-day, with the taxes and everything else on it, has produced an overhead that is hard to get away from.

Our freight rates, too, have increased. We used to pay on wool $1.98 from Boise to Boston; our freight rate now is $3.46½. Our commission charges, as Mr. Campbell stated yesterday, are 2½ cents a pound. Take an 8-pound fleece at $3.46½ a hundred freight, and you have approximately 28 cents railroad charges; and 2½ cents per pound commission makes 20 cents per fleece. There is 48 cents gone off the price of that fleece.

The past year our coarse wool sold for around 12 or 13 cents per pound in Boston. An average fleece weighs 8 pounds. With 48 cents of that gone, you might say there was 50 per cent of the 96 cents that we get gone to railroads and commissions. Our other charges are very much increased. Our State land leases have gone up. I would like to say, however, that we are getting some reduction in that now. Idaho has reduced the State charges from 10 to 7 cents an acre for the State leases.

I do not think that other countries have had their expenses increased to the same extent we have. Our information is to that effect.

Senator GOODING. The forest-reserve charges have been increased, too?

Mr. SPROAT. Yes; considerably.

Senator GOODING. One hundred per cent, is it not, increase in fees for grazing?

Mr. SPROAT. Yes; about a hundred per cent.

A Boston importer told me the other day that they were laying wools down in Boston from Sidney at around 2 cents a pound, figuring freight at $2.75 and exchange approximately 80 per cent. From the Argentine the rate is 35 cents a hundred pounds. By reason of the excess shipping that is now available, wool can be brought from there or even from Australia at a very much less price than we must pay to ship it from our western ranges.

Another reason I am asking for 45 cents scoured duty is to allow profit on operation. I think it was Mr. McClure who made the statement yesterday that the winter of 1919 or 1920 had put the sheep business into a state of indebtedness, one might say, and we had never had a chance to get out from under. I know that my wool was just off the sheep in May, 1920, when the orders went out to the buyers to

come in. The Boston dealers were off the market. We never had a chance to sell that wool. It was sent down on commission, and so far I have had no information of that wool having been sold.

If I might at the same time, Mr. Chairman and Senators, speak of the mutton end of the situation——

Senator GOODING (interposing). Mr. Sproat, will you explain to the committee a little more in detail about how not only next year's clip but the three clips of wool in some cases are, part of them, in the hands of the commission men in Boston? Is not that the condition that still exists?

Mr. SPROAT. There is a part of my 1919 clip still in the warehouse. We fed some sheep that year—mostly coarse lambs. We could not get an offer on that coarse wool in 1919. I sold the balance of the clip, as it contained a good deal of fine wool, and there was more demand for the fine wool. Our 1921 clip, I understand, is sold, although we have not yet had the returns.

Regarding lambs in 1920, when our wool market fell down, our lamb crop was also much smaller than the average. The spring was bad, and we were much later turning out than usual. Our lambs never were average in regard to weight or numbers. We expected, by reason of the shortage in numbers, to get good prices, but at that time the New Zealand lambs began to come in. The price slumped from around 18 or 19 cents per pound to 13 or 14 cents, which today would look like a good price, compared with what we have been having this year. As the expense we had incurred in raising that crop of lambs was extremely high, we had nothing to show on the credit side at all. We had not begun to take up our indebtedness.

Under that same head of allowing profit in operation, it is not generally known that, especially in our early lamb producing districts, the age of the ewes is reaching a point where within two or three years we have got to have practically a total replacement. I have seen bands of sheep on the range that at this day, under present conditions, I would not care to own if they were given to me. The ages of the ewes in those bands must reach from 7 to 8 years.

Our coarse ewes—the ewes that we raise our early lambs from—are not considered to pay their way much longer than seven years. There are very few flocks in the State of Idaho that have held their ages. I mean by that putting in enough young sheep every year to take the place of the older ewes as they drop off.

This year we have kept back a fair quantity of ewe lambs. Last year and the year before we were virtually unable to do that. We are short almost three years in young sheep. There has not been enough ewe lambs kept this year to make good the loss we will sustain this winter. Our losses, instead of running 8 or 10 per cent, which would be an average loss in average times, are now running from 20 to 25 per cent by reason of the age of the flocks.

Another reason for asking for a high tariff is to allow the growers to reduce their indebtedness. The business has always been largely a credit business. I might say it is now a discredit business. We have an enormous indebtedness. I venture to say that every ewe in the State of Idaho is carrying an indebtedness of around $10. The business will have to be profitable, gentlemen, to allow the growers to work out in the short time some of us have to work out.

If our flocks were young or if we could get replacements for them we might be in a better condition. As it is, we have only got a few years with such flocks as we have to work out, and we need a considerable profit to enable us to keep our ewe lambs so as to get our business back again to normal.

Another reason is the encouragement of production. This committee does not need any information on this subject regarding the increase of production. We are importing a very considerable percentage of our wools.

Senator McCumber. As the committee is not all of them acquainted with the sheep-raising industry, you might insert there at what age the ewes as a rule cease to bear.

Mr. Sproat. We do not think that after a ewe has passed 7 or 8 years she is of much value for breeding purposes. If we had grass lands or irrigated lands where we could keep them under fence, they might be valuable for a year or two more. But on the range, especially in dry years, where they have to rustle for their feed, as we say, a ewe after 9 or 10 years is of no value for breeding purposes.

Senator Jones. Explain that to us. Explain the reason for that. What about their ability to graze? What condition do their teeth usually get in as age comes on?

Mr Sproat. In England or Scotland, where I am fairly well acquainted with conditions, the flocks have the grass and fresh feed, you might say, all the time. If they have not got the green grass, they are fed during the winter time on roots and softer feed, and ewes last longer than under range conditions.

In the range States, in the spring, during April and May, we have what is known as the early June grass on the ranges. This is a small, tender grass, and even old sheep do well on it.

During the summer time on the forest allotments we have green weeds, which last perhaps until August. From that time on the range drys up; the vegetation that is left dries, and we have to depend a great deal on the dry grass, which has practically the value of well-cured hay, by reason of the fact that it is never washed out. We seldom have rains during the summer or fall months. This grass is hard, and the feed is hard on the sheep's teeth, and we soon run into what is known as "broken mouth" sheep. It does not take more than 6 or 7 years, in some cases only 5 years, before coarse-wool sheep begin to break in the mouth; that is, the teeth in front either break out or get worn down so that they are not valuable to the sheep for picking off this harder forage in the fall of the year. During the wintertime, or in the early winter, we go into what is known as the "desert." Our feed there is of a variety that we know as shad scale, which is an exteremely bitter-tasting shrub or brush, one might say, with sharp spines on it. It, too, is hard on the sheep's teeth. Sheep on green feed on the farms will last from two to three years longer without showing broken mouth than sheep on the ranges.

Senator McCumber. That question was particularly directed as to what time the ewe became nonbearing for the production of young.

Mr. Sproat. Senator, they will produce practically as long as they can eat.

Senator Smoot. About 10 years would be the limit?

Mr. Sproat. Ten years would be the limit.

Senator JONES. If they have a broken mouth, as it is called in the range country, of course they can not feed and keep up their strength and are not valuable for breeding purposes?

Mr. SPROAT. Very often in the fall the ewes look extra good, and yet those sheep go down before lambing time with tremendous losses. When in heavy pregnant condition they can not carry the lambs.

Senator GOODING. Mr. Sproat is trying to impress upon the committee that owing to the condition of the industry in the past two or three years they have been forced to sell all their ewe lambs in order to meet indebtedness or running expenses, and for that reason the industry is in very serious condition; that is, the losses are bound to be great, and unless some prosperity can be given to the industry it is going to be pretty nearly destroyed.

Mr. SPROAT. As a woolgrower and representing woolgrowers, we are only asking for the same treatment that the manufacturer hopes to get and we think has gotten in tariff legislation during past years. There is considerable discussion in the papers nowadays regarding the influx of people from the country to the cities. In my opinion, one of the reasons for that is the fact that our agricultural industries have never got the protection that the manufacturing industries located in the cities have got. Naturally, the trend of the drift would be toward where the money is. With protection on wool like I am asking for, it would have a good deal to do toward getting the trend the other way, and I think that is a point that should be taken into consideration.

A tariff is needed to stabilize prices. If the House concurs in the Senate amendments on that emergency tariff it will mean that, even if the permanent tariff is not passed before our next shearing time, we are in a position to get a good price for our wool, which is urgently needed. Buyers can not come out to us and say, "Well, the emergency tariff expires on such and such a date. There may be a time that we can get a lot of wool in." I believe there is considerable wool in bond right now, and that would be a drawback to them offering prices for our next year's clip.

I would like to say that the statement that Mr. McClure made yesterday regarding the Boston dealer saying he would give $10,000 if the emergency tariff lapsed for two hours was made to me in Boston.

There is another phase to this matter that perhaps has not been brought out at any of those hearings, and that is the immense amount of land, both on the winter ranges and what is left of our spring ranges and in our national forests, that is of no value whatever except for sheep raising.

On my allotment the "trail," as we know it, going to our farthest back camps, has to cross one exceptionally high point. From that point we can see mountains for miles in every direction, some of them late in summer still with the snow under the cliffs. That land by reason of its inaccessibility is of no value for anything under the sun except sheep raising. What few mines are there are of low-grade ores, the transportation—pack horse being the only transportation—is such that they can not be worked. The timber, by reason of the roughnes, you might say, of the rivers, can not be lumbered—that is, can not be cut. And they could not run if they had it cut, and there are no roads in there to reach it. The land is of no value even for

cattle raising, because the cattle can not get into it. We can take our sheep where cattle can not go. There are hundreds of square miles in southern Idaho that would be useless were it not for the sheep bringing their wool and their mutton from off those ranges.

Another matter in regard to the use of those ranges is the protection from forest fires. There is considerable timber of a kind in all that country, most of it not merchantable, but it protects the watersheds. The river, on the watershed which I happen to graze, irrigates what is known as the Boise-Payette project, I think the best Government irrigation project in the United States to-day. We are getting great returns from potatoes and fruits of all kinds from that project.

Senator GOODING. That is under the Arrow Rock Dam?

Mr. SPROAT. Under the Arrow Rock Dam. This water all runs into Arrow Rock Reservoir. That is the highest dam which the Reclamation Service has constructed, and I believe it is the highest in the world. All the water that runs off that country is used, except the spring freshets, in irrigation. The people are dependent on this water, and to let the sheep industry fall down to a point where the forage was not utilized would mean a great danger in forest fires. Consequently, in that line alone I think the sheep industry should be given every encouragement.

After the water has been used for irrigation we have in that country an immense amount of alfalfa hay. I regret to say that there is lots of last year's hay left over—about half the crop. With this year's crop on top of it and a decreased number of live stock to use it, I do not know what will become of the farmers in the hay-raising sections. There has been some relief extended to them, but in my opinion not enough in the way of buying feeder lambs, etc. Our range sheep can not consume any great quantity of the hay on those ranches, and some encouragement should be given the business to let this hay be used up.

Another matter, perhaps, which means a good deal is the retention of soil fertility. I can remember—and I think the Senator from Idaho can remember, too—when we used to have to feed our sheep out on the roughest land. The farmer would not, if he could possibly help it, let us on the fields with our flocks. He contended that it did harm. This is entirely changed. To-day we are given hay at a less price if we promise to feed it on the lands. A band of sheep is a great manure spreader, and we are depending on it greatly in the truck-gardening regions, where a lot of my ranches are now located and where potatoes and lettuce are being raised to a great extent.

I would like, if I may, to take the time of the committee to speak more especially on the mutton end of the subject. Mr. Chairman, this is a wool hearing; but as I have got to go back to Idaho right away, I would like to discuss the mutton end.

The CHAIRMAN. The committee will be glad to hear you on that.

Mr. SPROAT. Idaho is the largest lamb-producing State in the Union——

Senator GOODING (interposing). Early lambs?

Mr. SPROAT. Yes; early lambs. We begin to lamb there along in February, and our lambs begin to reach the Chicago markets during the latter part of June, July, and from then on through until they stop coming off the ranges.

The importations of New Zealand lamb and the amounts which came in during 1920 were a terrible blow to the industry. As I said before, we had hoped to get some returns from our lamb business when the wool market went out from under us. In this we were disappointed.

We might have taken our regular share in the deflation as it occurred during 1920 and this year, but we think we have been compelled to take a good deal more than that by reason of the fact that those imported lambs came in under what you might call a bonus. The rate of exchange gave that foreign stuff a bonus over our lambs, and with no duty they had altogether the best of it.

I do not know that there is anything further which I should take up the time of the committee with.

The industry is in a bad condition. We need a substantial tariff to get it back where it belongs.

STATEMENT OF DR. J. B. WILSON, McKINLEY, WYO., REPRESENTING WYOMING WOOL GROWERS' ASSOCIATION.

The CHAIRMAN. Mr. Wilson, please state your full name, residence, and whom you represent.

Dr. WILSON. My name is J. B. Wilson, secretary of the Wyoming Wool Growers' Association; residence, McKinley, Wyo.

I want to add my thanks and the thanks of the woolgrowers of Wyoming to what Mr. Sproat has said on account of this committee's action in extending the emergency tariff. I question whether anyone aside from those of us who are directly in the sheep business realize the effect that the emergency tariff has had on that business.

In Wyoming during the past five years we have reduced our sheep population about 50 per cent. Whereas we had approximately 4,000,000 sheep five years ago we have now approximately 2,000,000 head. Largely on account of the effect of the emergency tariff, in 1922 we will actually produce more wool in Wyoming than we did in 1921.

The CHAIRMAN. It is very gratifying to the committee to hear that.

Dr. WILSON. That is brought about by the fact of the emergency tariff and the fact that we know that Congress will enact a really protective tariff on wool. It has encouraged the flock masters to hold over not only their ewe lambs, but their older ewes, and, which is more important, has encouraged the banks to urge them to hold these sheep over.

Anything I may say would be largely a repetition of what has been said by the other gentlemen from the West, and I do not wish to take up the committee's time.

I want to call attention to the fact that in Wyoming in 1919 it cost us 48 cents per grease pound to produce wool, according to the figures of the Tariff Commission, and in 1920, using the same method of figuring production costs that were used by the Tariff Commission, it cost us 67 cents per grease pound to produce wool. That would make our wools, taking our fine wools, which shrink 67 per cent, cost practically $2 per clean pound. Of course, the costs in 1920 were very excessive, due to the drought and the hard winter. We have, however, reduced our cost of production in Wyoming and throughout the West generally just as far as it is possible to reduce them. We

have reduced our labor charge in Wyoming, speaking generally, about 50 per cent, and we have reduced our bill for supplies for the camps by cutting out some of the fancy groceries to the limit; we can not get it lower.

The State of Wyoming has recently reduced the rental charge on State and school lands. But we can not reduce freight rates, which are practically as high as they were; nor can we reduce State taxes, which are also about twice as high as they were. So that we have our costs just as low as we can possibly get them.

However, we can never get back to the cost of production of wool that prevailed 10 years ago, not only on account of the increase in taxes, freight rates, etc., but also due to the fact that we must have more overhead investment in land per ewe than we had at that time. Ten years ago, I think, probably, in Wyoming the average investment was not over $1 a head, and to-day it would run nearer $10 per head for range lands to run sheep on.

There is one conclusive objection, to my mind, to the Fordney bill as it passed the House.

On manufactured products of wool the specific duty is the minimum duty, and the ad valorem duty is an added duty that determines the maximum duty. This principle is acknowledged to be just and right, but on unmanufactured wool the principle is reversed and the specific duty is made the maximum duty and the ad valorem duty determines the minimum duty. If the principle is to be accepted that the specific duty should be the minimum duty and the ad valorem duty should determine the maximum duty, then it is only just that this principle of leveling duty should be applied in raw wool. But if the principle is applied to manufactured wool products of the specific duty being the minimum duty and the ad valorem duty determining the maximum duty, then it is obviously unwarranted and unjust to reverse this principle in leveling duty on raw wool.

There is just one other point that I desire to call the attention of the committee to, and that is the fact of increased use of carpet wools in the manufacture of clothing. That is particularly true at this time, when the vogue seems to run to coarse fabrics such as homespuns and tweeds, in which they can use carpet wools to excellent advantage in manufacturing those fabrics.

We have certain classes of East India wools.

(Dr. Wilson at this point exhibited to the committee three samples of East India wools.)

I refer specifically to Jarias, Vicaneers, and Kandahars, which we believe are entirely used for the manufacture of clothing. I have samples of these wools. I do not want to take up the time of the committee in showing them, but Senator Smoot will understand them and can explain them much better than I can.

I also have samples of the dometic wools with which they compete.

Senator SMOOT. That always happens when we have a tweed market and coarse-goods market, and I think we have machines to-day with which they are enabled to handle the coarser wool better than they ever did in the past years for backing purposes and for making tweeds.

Dr. WILSON. A Philadelphia spinner was telling us just a few days since that he alone, having but a small spinning mill, had used over 100,000 pounds of carpet wool this year, and that its use for clothing

purposes was constantly increasing and would run up into the millions of pounds.

Senator SMOOT. There is no doubt of it.

Dr. WILSON. It would seem that the only way it could be corrected with reference to these particular East India wools would be to ask the Treasury Department to revise their types of wools so as to include the East India wools of which I have spoken in class 1 or 2.

Senator SMOOT. Grade them differently?

Dr. WILSON. Grade them differently; yes, sir.

Senator JONES. That will not be important, will it, if we have this uniform tariff of so much per pound?

Senator SMOOT. They are very low shrinkage, and the 35 per cent limit allows these wools to come in here for almost nothing.

Senator JONES. I was thinking we were going to favor taking off that 35 per cent ad valorem limit, and then that question will not be involved, will it?

Dr. WILSON. I would think, Senator Jones, that that would depend altogether on the price of wool, and if the price of wool was high they would naturally try to lower the price of manufacture by using lower-grade wools.

Senator JONES. You are not advocating an additional duty on that class of wools?

Dr. WILSON. Oh, no; we are asking them to be placed in the clothing class rather than in the carpet class of wools, as they are used practically entirely for clothing purposes.

Senator SMOOT. Put it on the dutiable list.

Dr. WILSON. Some types like Kandahars they sometimes use without scouring.

Senator JONES. Do they come in free?

Senator GOODING. Only a small duty. There is no reason why carpet wools should not pay as high as others.

Senator SMOOT. No; they should not pay as high.

Senator GOODING. That is the only way the woolgrowers are going to get any protection on the scoured content, because you will never have proper protection for the woolgrower unless you do.

Dr. WILSON. They come in active competition with our low quarter-blood wool.

Senator SMOOT. Are you sure this is a sample of wool they let in as carpet wool [referring to one of the samples submitted by Dr. Wilson]?

Dr. WILSON. I could not say as to that. They are classed as "carpet wools."

Senator SMOOT. These are not carpet wools [indicating]?

Dr. WILSON. They are classed as carpet wools. You will remember that the Treasury Department some time ago reversed the customs appraisers in reference to those particular wools.

Senator SMOOT. You can make a 30-thread with that very easily?

Dr. WILSON. Yes, sir; but they come in under the carpet classification.

The CHAIRMAN. It is not the same quality of wool.

Senator SMOOT. This is not a carpet wool; they can use it in fine threads. This can be used for tweeds; it can be used for backing of cashmere.

Dr. WILSON. I wrote you, Senator Smoot, about that some time since, and it was a question in my mind how we would have to cover that before the committee.

Senator SMOOT. For instance, if you are sure that this wool came in as carpet wool, there ought to be a protest made.

Dr. WILSON. Those wools are coming in as carpet wools. All of the East India wools of those three particular varieties are coming in as carpet wools.

The CHAIRMAN. Could not that classification be changed?

Senator SMOOT. This is the coarse wool and is a carpet wool [indicating sample], but this [indicating] is not.

Dr. WILSON. These are simply samples of low-quarter and grease wools [introducing additional samples for the inspection of the committee].

Senator GOODING. They are low quarters and come from either Lincoln or Cotswald, three-quarter English blood and quarter merino. That is what is meant by "quarter blood."

Dr. WILSON. The price of those will indicate they would not be used in carpets.

There is just one other thing I want to mention in regard to the condition of the sheepmen. The sheepmen who a year ago last January, 1920, were entirely out of debt, to-day could not sell their flocks of sheep for enough money to pay off what they owe for running them since that time. That merely confirms what Dr. McClure said yesterday, that during those storms if they had walked off and allowed the sheep to die they would have been much better off financially.

STATEMENT OF F. R. MARSHALL, SALT LAKE CITY, UTAH, REPRESENTING THE NATIONAL WOOL GROWERS' ASSOCIATION.

Mr. MARSHALL. I reside at Salt Lake City, Utah.

The CHAIRMAN. You are a grower?

Mr. MARSHALL. No, sir; I am secretary of the National Wool Growers' Association.

The CHAIRMAN. Will you state briefly to the committee your views on the schedule?

Mr. MARSHALL. I would like to say, first, Mr. Chairman, that the National Wool Growers' Association is largely an organization of woolgrowers in the range territory. It also embraces some 20 subsidiary and affiliated organizations in the range States and in other States, so that we virtually represent a very large proportion of the woolgrowers of the United States.

Mr. Chairman, what I have to say in the very few minutes I will take will relate chiefly to the duties on the meats—on lamb and mutton.

Before referring to those I just want to deviate a moment or two in connection with the wool schedule to three very popular misconceptions in connection with wool tariffs and sheep raising in the United States.

The first misconception to which I refer is that regarding the possibilities of larger wool production in the United States. We can not burden the record with it here or occupy your time at this point except to say that this misconception is very general; it is very serious, and we have found it existing in the minds of some officials in Washington here outside of this Congress, officials who are supposed to be impartial and render service in connection with

these matters, who are wholly misinformed and erroneous in their attitude on this question. The popular misconception that I refer to is that sheep raising is necessarily and wholly restricted to cheap lands; that it is a frontier industry; that it can not be developed or largely increased on our older and higher-priced farming lands. The idea is wholly in error.

That idea arises from this very natural fact, Mr. Chairman, that at one time the wool production of the world did come from the frontier areas. The newer sections of this country, Australia, South Africa, and South America could first be utilized economically and commercially for wool production for a fine wool. Wool production was the major and, in fact, the only consideration. The sheep was the only animal that could utilize those lands in a practical way. And to-day we are still dependable for our world supply of wool upon the products of those areas in principal part.

But because that has been true is no reason why it will always be true; in fact, it can not continue. Those areas are being settled; they are being found more valuable for other purposes than for pastoral purposes under the old system. Under this old system we can not continue to get even this present supply of wools from those parts of those areas of production.

If the per capita supply for the world as a whole is going to remain anything like what it has been and is to-day, there has got to be a new source of wool production. Those frontier areas are not increasing; they are declining, with only one exception, that is South Africa, which is increasing its wool production very slowly. There are no other frontier areas to go to bring in for wool production, with the possible exception of parts of China, Russia, and Siberia, which are not equatorial countries, and probably can be developed for useful wools, but for other reasons, which we all know, their possible development is a very long ways off and can never be very considerable.

So that if the world is to continue to have an adequate wool supply, it is coming from some other source, and the only source it can come from is the older farming lands. Because strictly wool sheep have been popular and have been largely used in these cheap, distant lands, people have come to have the idea that a sheep is that kind of an animal. It is a misuse of words. They are thinking of the sheep which is kept for wool only. We think of the other sheep, which is a meat and wool producer, and is a very necessary feature in the efficient farming of high-priced lands in this or any other country. In fact, the supply of wool can only come from flocks on the higher-priced lands which need sheep raising to make those farming systems profitable and permanent.

It is true in a measure, as is quoted by some who are called "professors," some office holders, some of them said to be economists, that at some periods under protective tariffs in the eastern parts of this country the numbers of sheep have declined. It may be true; I do not dispute it. But it means nothing. We have now reached the point within the last 10 years where our old sources of wool supplies are declining. We have an entirely new condition in the agriculture of the world, and particularly in this country. We have the requirement and the opportunity for sheep raising on these old farms—and when I say on these farming lands I mean for mutton and wool sheep.

It can not be handled successfully or profitably for either wool alone or mutton alone; we have to have the combination, and we can not have permanent, profitable agriculture on those lands unless we have a very largely increased sheep husbandry.

And we are just now at the point of logical development of our final American system of agriculture where that industry is ready to take its place. It had an incentive during the war; it responded to it. The increase in farm sheep was very marked before the war wool prices came on.

The increase which was accomplished during the war and immediately subsequent would have been continued in almost its entirety had it not been for the extremely disastrous slump in the price of wool last year.

Now, we have been told by these same misinformed, well-meaning people that wool is a minor or very secondary consideration in these farm flocks that sell lambs. The untruth and error of that statement is shown in the great liquidation of farm flocks, following the low wool price of last year, showing that the wool is a necessary source of income and that the farm flocks, even under those conditions, can not now be made profitable or be made permanent without reasonably stable prices for wool.

Another misconception, which I will refer to very briefly—because it has been developed in the popular mind to the disadvantage of the fair and impartial consideration of this question over the country—is this: That the interests of the woolgrowers in the wool tariffs are opposed to those of the wool manufacturers. Such is not the case. We have no differences to compose. I only need to cite your committee to the hearings before the House Ways and Means Committee of January 31 last, when Col. John P. Wood, speaking for the manufacturers, went on record there very plainly that the manufacturers' association did favor a protective tariff on wool. He also said that what that tariff should be was a matter for the Congress and the growers to discuss. We have always maintained, and we will maintain, that with the American manufacturer for our market, not only for our wool but for our other farm supplies going to his employees, that we need to have him prosperous, and we want to see him prosperous. We are not opposed; there are no differences to be composed.

We need similar treatment. With the 35 per cent clause in the present House bill, however, we are placed in a very unfortunate condition. We have expected and we still expect to be able fully to defend and explain to our section and to the country at large the need and the value and the fairness of the tariff bill enacted by this Congress.

Under the present status of the House bill we are placed in a position where we can not do that. Of course, the manufacturer, aside from his regular protective tariff to enable him to maintain the American standard of living among his employees, must have compensation for the amount of duty paid on wool which he puts into his fabrics. Of course, that compensatory duty must equal the wool duty.

Senator GOODING. That is, providing he pays a higher price for his wool than the London price?

Mr. MARSHALL. Yes. As the first part of paragraph 1102 is written, it was consistent with the compensatory duties stated later. But when we place the 35 per cent limiting clause in there you make us responsible to the country for a compensatory duty corresponding to 25 cents clean content, when, as Mr. Fawcett showed you yesterday, we get from 7 cents down in a good many cases. That puts us in a very difficult and embarrassing position, one which we can not defend or on which we can not remain altogether silent. We do not see how you can possibly construct a defensible tariff or one which we can help to defend with a limiting clause taking away the effect of something that is stated in the first part of the paragraph there. We are wholly satisfied and glad to leave the adjustment of the compensatory duty in the hands of Congress, but as written in the present House bill it is wholly illogical.

I was going to refer to one other misconception that is important in this case, and on which the public has not been properly educated, but I will not do so, because Mr. Sproat has already mentioned the insignificance of the actual value of wool in relation to the cost of a suit of clothes or to any other fabric in common use and the very inconsiderable factor that the wool tariff is in the relation to prices paid by the consumer.

I think I can properly pass that over.

We particularly need protection and stable values on what are commonly called the "lower-grade wools." I prefer to call them the "coarser wools." They are not low in value; they are very serviceable and they are very necessary. But because they happen to be coarser in fiber they go into the grades that are printed down at the lower part of market lists and therefore called "lower grades." Just at present they happen to be cheap. Those wools come chiefly from sheep which have been bred with a good deal of consideration for meat production. To-day, differing much from the conditions of 1920, or even 15 years ago, they constitute the chief part of our American production. It is that class of wools from which we must get our increased production in farm sheep in this country.

A good deal has been said about the fact that the proposed tariff of 25 cents clean-content duty amounts to a very large ad valorem equivalent duty on these wools. Mr. Chairman, that question is entirely an academic matter; it is not before the manufacturers, the growers, or before anybody in this country at the present time. It is wholly theoretical and visionary and will never be realized, for this reason: Those wools are lower than other wools in this country to-day. That is true, and because that is true the relation of the flat rate of duty seems to be very high when considered in relation to their value. They are cheap to-day because they are plentiful. There is a very large stock of them in this country at the present time, both domestic and imported, and that is why they are low. With return to anything like normal conditions those wools must return to their former value in relation to other grades. Then the talking point of the higher ad valorem equivalent on the so-called low grade automatically and entirely disappears. Therefore, I say, it is entirely an academic question and one which does not need to be considered.

Senator McCUMBER. Do you know whether the Government has sold the coarse wools yet?

Mr. MARSHALL. No; they still have some 30,000,000 or 40,000,000 pounds. I understand they are going on with auction sales, and they sold at higher rates last week in Boston.

Senator JONES. I wish you would explain to us the situation with regard to the quantity of wool that is grown on the sheep with respect to its being fine wool or coarse wool, the per pound product of the sheep. Does the so-called low-grade wool or wool sheep produce as great amount of wool per pound as the sheep which produces the finer wools?

Mr. MARSHALL. As a rule the fleeces from these sheep you speak of are not quite so heavy as from the regular fine-wool sheep of merino blood and bred mainly for wool production. They are not so heavy in the grease, but they are lighter scouring. The actual amount of clean, usable wool works out nearly on an equality. The coarser wools are not suitable for the finer luxurious fabrics, but it is the class of wool which must be more largely used in the future. We think the particularly fine wools must come to be more largely of a luxury or fancy character.

I should have said, Mr. Chairman, that I have no brief to submit at this time. With your permission, we would like to prepare some further statements.

The CHAIRMAN. You may prepare any statement you desire and it will be printed.

Mr. MARSHALL. We have a statement which we prepared last spring, and we do not ask to have printed, but which contains considerable data and discussions on these questions.

The CHAIRMAN. The committee will be very glad to have that left for their use.

(The brief referred to above was subsequently prepared by Mr. Marshall and is filed with the committee.)

Senator JONES. The statement just made in regard to the production of coarse-wool sheep does not apply, does it, to the so-called Navajo sheep?

Mr. MARSHALL. No; they are primitive—more or less coarse wool, but they are not an improved sheep.

Senator JONES. They only grow 2 or 3 pounds of wool per head.

Mr. MARSHALL. These sheep I have spoken about as being useful for mutton and wool production are very highly improved—for mutton and wool production on the higher-priced lands where intensive methods must be practiced.

There is another question, Mr. Chairman, in that connection: With that kind of sheep given the place it should have in our intensive methods of farming on high-priced lands, we will also have a large increase in meat production.

Mr. Chairman, this question of mutton or lamb production—let us call it "meat production"—and wool can not be separated. There is no place in this country to-day, and very few places in other countries, where sheep can be kept profitably for wool alone or for meat alone; the two are inseparable, and when the price of either is depressed the profits disappear from the industry as a whole.

Senator GOODING. Mr. Marshall, the industry, with its different conditions, has got to stand together or fall together?

Mr. MARSHALL. It is a meat and wool industry.

Senator GOODING. English blood and merino blood?

Mr. MARSHALL. Absolutely.

Senator GOODING. A mixture of the dual purposes is what we must have on the farm.

Senator JONES. What amount of tariff do you think we should have on the meats?

Mr. MARSHALL. I think a minimum of 4 cents. Using the Tariff Commission figures on costs, the most conservative calculation we can make shows a difference in the cost of production here and in the chief competing exporting country of about 9 cents. We presented that to the House committee. They have written the tariff at 2 cents, I believe, which is just about equal to what the importers are gaining to-day through exchange on lambs imported from Montreal to New York. They are reaching New York practically free of duty, paying 2 cents but gaining 1.9 cents through rates of exchange.

Senator JONES. One of the witnesses, discussing particularly the wool situation, insisted that this difference in tariff of 33 cents a pound would not be equal to the difference in the cost of production of wool, and you are now, I believe, stating that the amount of the tariff which you suggest on meat is not equivalent to that difference in the cost of production.

Mr. MARSHALL. As best we can figure, Senator.

Senator JONES. Then, why is it that the wool men are willing to have a less tariff than that difference in the cost of production? Is it because you recognize that there is some possible error in the way those costs are figured?

Mr. MARSHALL. Because when we have presented those figures we have been told they are unreasonable. They are the best figures we can obtain. The Tariff Commission obtained no figures for us on foreign costs. They have fairly complete and acceptable figures on American costs at the high point, but they have no data on foreign costs; and in the case of both wool and mutton we have only been able to estimate in making that figure. I am speaking of prices paid at the corresponding time for commandeered supplies in those countries, and supposing that they at least represented costs.

Senator JONES. And then is this element taken into consideration—that the costs vary with the different producers, some being very high costs and others much less costs?

Mr. MARSHALL. The figures which we have used in that computation for American costs were the averages as found by the Tariff Commission. There would be some high-cost plants, Senator, that would not be helped by a duty based on average costs.

Senator JONES. Then I understand that the costs which you have been estimating here are average costs as to both wool and meat?

Mr. MARSHALL. Yes, sir.

Senator JONES. I thought those costs were the average costs, and yet with the duty added the difference between those average costs and what is supposed to be the average costs to-day would not be met with the duty which you propose.

Senator GOODING. Here is the position the woolgrowers are taking: They realize that 33 cents will not give them the protection they should have to develop the industry as it should be developed, nor that 2 or 3 cents a pound on mutton will give them the protection they should have to bring the industry where it ought to be and make it an all-around and profitable industry. But we have had such

a campaign on free raw materials in the country that the American people are not educated up to giving the agricultural interests the protection that the manufacturers get.

Senator JONES. Do you not think this is the time to begin the education?

Senator GOODING. The feeling is if we put on the duties we should have that the public would turn us down, and we would go back to free trade and we would have a Democratic administration again and free trade on raw materials.

The CHAIRMAN. You are talking now with a gentleman who is in favor of a Democratic administration.

Senator GOODING. If we could all get around to the point where we can take politics out of the live-stock industry so that it will not be a political football, which it has been for a half century, we will get back where we should be and have protection for the agricultural industries of the country.

Senator JONES. I do not object to a Democratic administration, but I do not think that means we want to destroy the woolmen, either.

Senator GOODING. They have done that every time they have had an opportunity.

Senator JONES. That is a question. I think the Senator from Idaho has an amendment which points out a very material factor in the wool trade which will demonstrate, and which he will contend shows, that although in the past we have had a tariff on wool the producers have not had the benefit of it.

Senator SMOOT. They certainly would not with free wool.

Senator JONES. It has practically amounted to free wool in the past, even under protective tariff.

Senator GOODING. There have been times when we have not had very much.

Mr. MARSHALL. Mr. Chairman, I personally can not see how we can get a tariff adjusted in a permanent, logical, defensible way except on the basis of differences in costs of production; and I think it is very greatly to be regretted that with the Tariff Commission having been at work so many years we have not obtained figures from other countries comparable with those which have been obtained for us in this country. I should say, Senator, however, that subsequent to the printing of the report which was issued last spring additional figures on production costs in South America have been obtained by the commission, I understand, and are likely to be made public soon. But nothing from Africa or Australia.

There is only one other point, Mr. Chairman, I wish to refer to in connection with this lamb duty: In 1920 the imports which came into our markets, chiefly consisting of the New Zealand frozen lamb, amounted to about 20 per cent of what we produced in this country that year. The effect on the market Mr. Sproat has told you of.

The unfortunate thing is that the imported lamb which went into consumption through the retail stores was sold consumers at the same price as our domestic lamb at the same time. The consumer did not get any benefit of it.

Senator GOODING. You went here in this city, did you not, and bought New Zealand lamb, did you not?

Mr. MARSHALL. Yes; and I presented to the House committee in February two samples of lamb, one of the New Zealand imported

lamb and one of the domestic, and they sold at the same price at the same time retail; and that was common in other parts of the country.

So that the amount of duty which can be placed to give the security to lamb prices and prevent these disastrous slumps through importations from abroad——

Senator McCumber (interposing). You bought at retail?

Mr. Marshall. Yes.

Senator McCumber. You did not buy at a reasonable advance over the 32 cents apiece, as some lambs were sold in Chicago by a western shipper a short time ago.

Mr. Marshall. The carcasses which were on the market at that time were being wholesaled to the trade at 18 cents, while the domestic carcasses were wholesaled at 25 cents. But both of those carcasses were retailed at the same price to the consumers.

Senator McCumber. I had reference to a shipment of lambs to Chicago sometime ago for which the producer realized only 32 cents apiece.

Senator Smoot. Mr. Marshall, I understand on those that the retailer paid 13 cents for domestic.

Mr. Marshall. He paid the same price for both, but the retailer paid the wholesaler 18 cents for the imported and 25 cents for the domestic and retailed them both at about the same price.

Senator Smoot. I presume about 65 cents.

Mr. Marshall. We appreciate that is not a matter under the control of this committee, but as it relates to the consumer those are the facts.

STATEMENT OF JOHN C. WATSON, CHICAGO, ILL., REPRESENTING THE ILLINOIS AGRICULTURAL ASSOCIATION.

The Chairman. Where do you reside, Mr. Watson, and whom do you represent?

Mr. Watson. I reside in Chicago, and I represent the Illinois Agricultural Association.

The Chairman. Will you state to the committee your views on the matter now before us?

Mr. Watson. I have not come, Mr. Chairman and gentlemen of the committee, to talk so much about a matter of tariff rates this morning as to talk about the present condition of the sheep industry and its relationship to the consumer. In order to make what I have to say as brief as possible, I have prepared the following table, upon which I shall base most of my remarks:

Absolute and relative decrease of sheep on the farms of the United States, 1900–1920.

	Number of sheep, excluding spring lambs.	Number of sheep per 1,000 population.
Apr. 15, 1900 (estimated)	43,500,000	570
Apr. 15, 1910	39,644,046	432
Apr. 15, 1920 (estimated)	32,000,000	300
Percentage of decrease, 1900 to 1910	8.9	24.2
Percentage of decrease, 1910 to 1920	19.3	30.6
Percentage of decrease, 1900 to 1920	26.4	47.4

I shall say a little about conditions in the State of Illinois which will not be based on this table.

You heard Mr. Marshall's remark a few minutes ago that sheep statistics are very difficult things to handle. They are particularly difficult to handle at this time, due to the fact that our census dates have varied at the last three times at which the census was taken.

The census date for 1900 was June 1, the census date for 1910 was April 15, and the census date for 1920 was January 1. It is obvious that in 1900 most of the lambs had already come for that year; in 1910 a considerable proportion of them had come; while for 1920 none of the lambs had come. We are therefore obliged to compare numbers which are varying in their very nature. It is not necessary for me to recite for you the absolute figures, because they would not mean very much.

Sixty-one and a half million, approximately, on June 1, 1900, included what was estimated by the Census Bureau at that time to be between 19 and 20 million spring lambs. Not quite 52½ millions on April 15, 1910, included the exact number given of 12,803,815 spring lambs.

Now, in order to make any comparison which would mean anything, we are obliged, it seems to me, to come to the basis of mature sheep, excluding spring lambs. Otherwise the comparison is going to be exceedingly difficult. If we make allowances for the spring lambs on the two dates, June 1, 1900, and April 15, 1910, and bring everything to the date of April 15, we can certainly come close to the actual numbers and we will have numbers which will be strictly comparable.

Taking 19,500,000 from the number enumerated June 1, 1900, we have approximately 42,000,000 mature sheep for that date; since it is evident that a very considerable number of sheep were slaughtered between April 15 and June 1, we are obliged to add to this number the number slaughtered, which ordinarily consists on the average of a million or more a month. I have added one and a half million for that six-weeks period, and estimate, therefore, that the number of mature sheep on the farms on April 15, 1900, was 43½ million. For 1910 we have the exact number on April 15, because that was the census date; this number, with spring lambs excluded, being 39,644,-046. For 1920 we have the total number of 34,984,524, all of which were mature animals. But inasmuch as a considerable number of these were going to the shambles between January 1 and April 15, we are obliged to make an allowance again. The Bureau of Markets, for the 65 or 70 principal markets where animals are slaughtered under Federal inspection, reports a total number slaughtered during that period of about 2,875,000. If we subtract this from the total figure we have approximately 32,000,000 mature sheep on the farms on April 15, 1920. It was probably less than that, for no allowance has been made for losses by death and exposure, and you recall the fact that losses by exposure during the winter of 1919–20 were very large, that being a very severe winter.

But I wish to be just as fair as possible in making this comparison, so I am using the figure 32,000,000 for that date. It is possible, then, with these three sets of figures which you have before you to show the percentage of decrease in the two 10-year periods and in the 20-year period from 1900 to 1920.

For the first 10-year period, from 1900 to 1910, the percentage of decrease was 8.9; for the second 10-year period, from 1910 to 1920, it was 19.3, showing that the decrease was greatly accelerated during the second period; and for the 20-year period, from 1900 to 1920, it was 26.4.

But after all, Mr. Chairman and gentlemen of the committee, it is not so much a question of absolute numbers as it is of relative numbers. We have a decreasing number of sheep in this country and an increasing population to use the wool and the meat produced from those sheep. Therefore, I have prepared the second column to show what the decrease of sheep is relative to the population on the census dates. First, I have shown the number of sheep per thousand of the population of the country, amounting to about 570 in 1900, about 432 in 1910, and about 300 in 1920; and again have reduced these to percentages of decrease, showing a percentage of decrease the first 10-year period of 24.2, a percentage of decrease in the second 10-year period of 30.6, and a percentage of decrease in the 20-year period of 47.4.

If we could get the actual figures for these dates I think that the figures named would be found to be very nearly correct; the percentage of decrease for the 20-year period seems to me to indicate that in the spring of 1920 we had very little more than half as many mature sheep on the farms as we had 20 years earlier relative to the population; it seems also to indicate that if the decrease should go on this way for another 20 years in the same ratio the sheep industry of the country would be very, very small.

Now, I wish to say something about conditions in my own State, Illinois, which, as every one of you is aware, is one of the great agricultural States of the country; in fact, standing in its total agricultural products not lower than second or third among the entire number of States.

In the sheep industry it is not one of the most important States, but there are certain parts of the State in which sheep are an important part of the agriculture. I think neither one of the Illinois Senators is a member of this committee. But some of you may be familiar with conditions in that State. The southern part of the State consists of land which is very variable in character. There is a large amount of rough land in the very southern part, while a large amount of the remainder of the lower third of the State is heavy clay land underlaid with hardpan. This land has been farmed to wheat and coarse grains for many years, so long that on large parts of it they are having difficulty in raising wheat in paying crops or in producing feed for animals. They have found it almost necessary to cease producing swine in considerable numbers, and few farmers are either breeding or feeding beef cattle. In that part of the State the sheep are an important industry, being much better suited to the conditions obtaining there than other kinds of live stock except, possibly, dairy cattle. The land in southern Illinois needs the fertility provided by sheep manure. Many of the counties in that part of the State have had a large number of sheep, the industry being a breeding rather than a feeding proposition. It would be a great misfortune to these counties if the present low prices of wool and mutton should force large numbers of the farmers to cease

producing sheep. They should increase their flocks rather than diminish them.

In the western and other parts of the State the industry is more of a feeding proposition, with a much smaller number of breeding stock, but under ordinary conditions they feed large numbers of sheep in the fall and winter.

We became aware as long as a year ago that a considerable change was going on in the sheep industry in the State of Illinois, and in order to find out exactly what was going on, not only in this industry but also in other live stock, we sent out, in what we call our live-stock reporting service, blanks to a large number of farmers on the 1st of January, 1921, and tabulated replies from more than 7,000 farmers in all parts of the State.

One of our questions on that blank was this: "How many breeding ewes did you have on the farm on January 1, 1920?

Another was, "How many breeding ewes do you have on the farm now—January 1, 1921?"

We tabulated those replies, rejecting every blank which did not give information for both dates; and we found that the reduction in breeding ewes on the 1st of January, 1921, a reduction made in the year 1920, was 17 per cent.

Senator SUTHERLAND. 1920 or 1921?

Mr. WATSON. During the year 1920. After that we began to pay some attention to the shipping of stockers and feeders from the principal markets to Illinois farms, and we noticed immediately that they had begun to decrease. As reported by the Bureau of Markets, they began to decrease as long ago as August, 1920. They have continued below the average figures from that time to this. We are still far below the number of feeders that would ordinarily be going out to Illinois farms.

We found for the first six months of 1921 that less than 40 per cent of the usual number of feeder sheep were going to Illinois farms. While there has been some increase in the last four months, the number has not yet become anything like normal. The reduction for the 10 months ending with October of this year has been 44 per cent.

On the basis of these investigations, we estimated that the number of shearing sheep on Illinois farms in the spring of 1921 was about 40 per cent less than in the spring of 1920. This reduction is reflected in the smaller amount of wool sent to the Illinois Wool Pool, in Chicago. It is not more than 60 or 65 per cent of the amount pooled in Illinois in 1920.

What this means to Illinois agriculture, and especially to some parts of the State, can be appreciated when you understand that some sections of the State have been feeding sheep for many years and other sections have been breeding sheep—not doing much of a feeding business but rather a breeding business. It simply means that the farmers in these sections are finding themselves obliged to look to something else for a money-producing product.

What this means to the general consumer—that was part of my assignment—I wish to speak of very briefly. Twenty years ago the amount of wool produced in this country for every person in the country at that time was probably about 4 pounds per year; now it can not be much more than 2 pounds per year, due to the decrease

in sheep and the increase in population. And at the present time, if we count the number of sheep slaughtered annually at about 12,000,000, averaging 50 pounds to the carcass, we find not much more than 5 pounds per person in this country produced of mutton and lamb where we had probably 8 or 9 pounds per person 20 years ago.

That, it seems to me, is the problem as it touches the consumer in this country. He is obliged to face one of two things: Either he must depend more and more upon imported wool and mutton or he must do without them in a large measure, unless the industry can once more be made a steady source of profit.

I do not think that I have anything else to say, gentlemen. I have simply brought this before the committee to show in this way the urgency of the present situation with respect to the sheep industry in this country.

Senator JONES. Have you tabulated the figures regarding the world's supply of sheep on the same basis that you have the domestic supply?

Mr. WATSON. I have not.

Senator JONES. I think that would be very helpful to us.

Mr. WATSON. It has decreased, I know, in recent years, very few countries showing any increase, but I have not tabulated that information.

Senator JONES. If you or some one could tabulate that, I think it might be very helpful to the committee.

Mr. WATSON. I will undertake to do it if the committee wishes it.

Senator JONES. I think it would be useful in our consideration of the needs of the industry.

Senator GOODING. We will get that for you.

The CHAIRMAN. The Tariff Commission can give you that.

Senator JONES. Yes; I think they can do that.

The CHAIRMAN. I will have the clerk of the committee write for it.

STATEMENT OF ANDREW J. SOLIS, BOSTON, MASS.

Temporary or permanent tariffs at this time are, at best, but a temporary stimulant which will not bring permanent relief. The total result of the emergency tariff to date has been decreased business and increased imports. You can not remedy the direct result of deflation, loss of capital, the commercial prostration of private enterprise in foreign countries, moratoriums, the embargoes on our exports for various reasons, the exchange situation, which prevents the sale of our surplus products to foreign countries by prohibitive tariffs.

We are facing an unusual situation caused by socialistic legislation enacted during the war to a degree never attempted at any other time in the world's history. This brought about first inflation, and now deflation, which has brought about a huge decline in values. You can not remedy world deflation with an American tariff. The situation thus created must be adjusted on a basis of broad common sense, and by methods which will bring the world back to normal. In that direction lies our road to prosperity.

I wish at this time to call attention to the selfish demands of the wool-growing industry, which is clamoring for unreasonable duties on wool, while time proves that no results have been the outcome of duties previously levied. The universal remedy for all the ills of this country in the past has been excessive tariff duties, especially on raw material, and in some sections of the country to-day it is claimed that unless war prices are maintained and inflation again brought about chaos and bankruptcy will result. Woolgrowers demand inflation. Surely present-day conditions prove the fallacy of this policy.

High prices are without permanent benefit to anybody. High prices have not only impoverished the buyer but have ruined the seller and finally have deprived labor of employment. Statistics, so far as wool is concerned, prove that high prices, however arrived at, do not increase wool production. This industry has been slipping since 1884. It matters not whether the wool supply remains stationary and the demand increases, or vice versa, the result is the same; and on this basis it is easily proven that wool production in the United States between 1884 and 1920 has decreased 50 per cent in ability to supply American demands. Since 1880 wool production has remained stationary. On the other hand, material required for woolen textiles increased from $123,000,000, in 1880, to $273,000,000, in 1910, and this without considering the inflation period of 1920. The per capita production decreased from 6.16 pounds, in 1884, to 2.9 pounds in 1921.

There are two kinds of tax which may be levied on commodity: A tax levied for protection, so high as to more or less exclude articles made in foreign countries, and a tax on consumption levied to raise revenue and placed on articles which conditions and climate prevent producing here; but a tax enacted for protection may become a tax on consumption through overt acts such as where the law is perverted by private interests to prevent increased production or by controlled production prevent price reduction by domestic competition. A protective tax may also become a tax on consumption where the tax so given fails of its object over a series of years in promoting increased production and reduction in price through domestic competition. A case in point is the result attained by excessive wool duties granted over a period of 40 or 50 years, and the result attained through the extraordinary prices received for wool during the last 2 or 3 years.

I have already called your attention to the short supply of domestic wool as compared with the normal yearly demand. I will now prove that excessive prices failed in any way to stimulate production. The average price for unwashed territory wool from 1898 to 1909 was 18¾ cents per pound; average price same wool 1917, 58 cents per pound; advance, 205 per cent over prewar. Fine Montana advanced in the spring of 1920 to $2.15 per clean pound. The wool growers in 1918 alone received for their clip, based on 285,000,000 pounds greasy wool, $171,000,000, which in past times would be worth $61,000,000; but these excessive prices proved no stimulus to increasing the production of wool in this country, in fact, instead it has decreased 45,000,000 pounds over the high-production clip of 1910. According to a very conservative estimate based on the United States census, taking as a basis of comparison the sheep reported in 1910, exclusive of lambs, shows a decrease of 4,650 000 sheep between 1910 and 1920, while in this same period alone the consuming demands increased by over 15,000,000 to 20,000,000 population. The United States census found only 34,900,000 sheep, and this shows no increase in the last 50 years, and the present year will show a greater decrease than ever, which means that the wool duty is a direct tax on consumption paid by over 105,000 000 consumers, and which is retarding the growth of New England textile industry and is destroying a commerce which rightly belongs to New England through nearness to the sea.

Notwithstanding the fact that in normal times we import on a clean basis two-thirds of the wool we consume, we are informed that the importation of wool is an economic mistake, on the theory, no doubt, that a consuming public is a myth and the high cost of living an iridescent dream. The purchasing capacity of the consumer seems to have been ignored, and the tariff again is made a vehicle for the interchange of benefits in which the public is forgotten. People with fixed salaries and without substantial increase in income have been forced to meet abnormally high prices and high taxation by going without that which the producers would sell. Some call this condition a buyers' strike, but if it is a strike it has been brought about by that well-known axiom that you can not get "blood out of a stone"; and yet Congress is being worked overtime for the poor speculating woolgrower who overstayed his market—worked for special favors regardless of the fact that wool is the basis of the clothing supply of the United States.

Phraseology on the pending bill, understood only by the initiated, conceals heavy taxation on wool which accomplishes nothing, while a practical and honest ad valorem duty on wool could be honestly administered. There seems no end of favors granted to the woolgrowers. The poor man's clothing means nothing to them. They proclaim with arrogance that their interests are paramount, that they propose to show the country where it "gets off" if their de-

mands are not fully allowed; and a review of their achievements would seem to substantiate their powers and ability to substantiate their claim.

State socialism is the child of these sheep raisers. Did they not in 1918 establish a Government bureaucracy which bought their wool at 204 per cent above prewar prices? Did they not overnight destroy the wool market of Boston, the second wool distributing center of the world? Was this not substituting socialism for individualism? Did they not force through Congress laws which to-day prohibit the importation of wool from anywhere with duties 300 per cent higher than has ever been enacted? So high that Congress felt called upon to conceal 100 per cent of this duty by a "joker," so that no one except the initiated would understand, and this notwithstanding that territory wool to-day is nearly 100 per cent higher than the average for 10 years ending in 1910.

The rates on raw material will not reduce the cost of living; they are prohibitive, while cloth duties are hardly protective. The excuse for prohibitive tariff rates this time is that sheep raisers are ruined, but naturally we ask two questions: What has become of the millions from three years of high prices and huge profits? Do you hope to bolster up these profits. which have been lost through deflation and no other cause, by a tariff, or perhaps are you asking that the country submit to high taxation as an offset to unsuccessful speculation? In 1908 14 and 16 cents per pound on territory grease wool produced to the growers a profit, yet in 1921 36 to 26 cents per pound on grease wool forces them into bankruptcy.

The proposed tariff is obsolete and discredited before it is enacted and is a swing back to the days before the Civil War. Fictitious valuation, by whatever named called, is an old idea resurrected to fool the people. Mr. Fordney can not even claim originality, because it is only the Mallary bill of 1828 revamped and perpetuated on an unsuspecting public. Both the law of 1828 and the proposed law of 1921 assess the duties not on cost value but on fictitious value established by law. In 1828 cloth worth 51 cents per yard was assessed and duty collected on the minimum of $1 per yard. while the tariff of 1921 will assess duty not on cost value but on fictitious value established by law. For example, this law would assess duty on merchandise worth 100 per cent cost value on 150 to 200 per cent fictitious value established by law. It might be well to state that the law of 1828 was the law that South Carolina tried to nullify in 1830. No good came of that method of assessing duties on fictitious values then, and this method will not escape condemnation now. The question will eternally arise, Is the value established by law the price quoted for American merchandise or the price at which it can be bought, or is it merely the Government appraiser's idea of market value?

The policy of protection is sound, but the theory of protection is to decrease value through domestic competition. Embargoes, price fixing, and strangling of competition has no standing and is outside the doctrine of protection as taught by those founders of this policy in America.

NOTE.—1828 tariff bases for tax purposes were established by law as follows: 51 cents cost value per yard was held to be worth $1; $1.01 cost value per yard was held to be worth $2.50; $2.51 cost value per yard was held to be worth $4.

STATEMENT OF WILLIAM GOLDMAN, REPRESENTING COHEN, GOLDMAN & CO., CLOTHING MANUFACTURERS, NEW YORK CITY.

Mr. GOLDMAN. Mr. Chairman, my name is William Goldman. I am a clothing manufacturer of New York. I have come here to-day to give you a few facts from a standpoint of detachment, so to speak, with regard to the matters that have been under discussion to-day—the question of wool and woolen schedules. I have been a close observer of tariff legislation ever since the Gorman-Wilson bill, and I think perhaps my attitude toward this question will be somewhat different than you usually hear here, because the clothing manufacturers are not very deeply interested in a tariff, as clothing does not enter largely into international trade. We, however, are interested more generally from the standpoint of distribution, and also from the standpoint of the community as a whole. With that preliminary statement I will continue.

I am appearing before the Finance Committee to-day for three reasons: First, to make clear that the proposal to tax raw wool 25 cents on the clean content is a proposal to tax the American people $250,000,000 on its annual clothes bill to protect the woolgrowers, the total value of whose output is only $65,000,000 annually; second, to suggest a new and more intelligent method of assessing the duties on raw wool, which will not only be generously, almost lavishly, protective, but will at the same time save the American people almost $100,000 annually in the cost of clothing; and, third, to call attention to the serious situation now existing in the widely ramified industries that have to do with the making of woolen cloth and clothing in this country because of the virtual embargo on raw wool created by the skirting provision of the emergency tariff, which was forced upon the American people through the absurdly extravagant demands of the woolgrowers' representatives.

In trying to make clear if possible just what the implications are of a duty of 25 cents on the clean content of a pound of raw wool, I am aware that the spokesmen of the raw-wool interests have asked that this duty be changed to 33 cents a pound, but regardless of whether or not the request is receiving consideration, it is my purpose here to-day to show the enormous cost to the American people of a duty of 25 cents on the clean content as it passes from the woolgrower or importer's hands to the consumer. It pyramids as it goes along to not far short of three times the amount of the duty.

Wool first goes to the wool dealer or commission merchant, who adds his overhead and profit, and sells it to the spinner, who does likewise. He in turn sells it to the cloth manufacturer. The cloth manufacturer sells it to the clothing manufacturer. It then goes to the retailer, and finally to the consumer. Such goods as are carded do not go through the spinners' hands, and some worsted manufacturers also do their own spinning, but, on the other hand, cloths frequently go through the hands of a cloth jobber, and clothing through the hands of a clothing jobber.

It takes approximately 4 pounds of clean wool to make a man's suit of clothes. Twenty-five cents a pound on the clean content would be $1. By the time it has reached the consumer that $1 has pyramided until it is somewhere between $2.75 and $3. I estimate that this will be equivalent to 10 per cent of the average retail price of a suit of clothes inside of another 12 months.

From such statistics as are available the retail value of men's and women's apparel of all kinds, whether woven or knitted, that goes into consumption annually in this country is something over three billion dollars, and this does not include carpets, blankets, or woolen manufactures other than wearing apparel. Ten per cent of this sum would be $300,000,000. We must, however, deduct from this aggregate on account of the fact that a certain percentage of the goods contains either cotton or shoddy, or both. But, on the other hand, the percentage of the duty to the selling price is very much greater in knit goods than it is in other clothing. But putting it conservatively we reach an estimated cost to the American people of a 25-cent clean-content duty of $250,000,000 annually, and this estimate is practically confirmed by published reports of the annual consumption of wool by the mills.

I am convinced that the adoption of the method I have proposed would be the best solution of a vexing problem; that it would result in a reasonable degree of protection to all branches of the industry, because the duties on yarns and tops can be made consistent with those on raw wool and cloth.

As a clothing manufacturer I may say that we are not seriously concerned in the tariff one way or the other, because ready-made clothing does not enter largely into international trade, but we are very much concerned from the standpoint of distribution. A tariff of 25 cents on the clean content would seriously curtail distribution and lessen employment in both the woolen and clothing manufacturing industries. Lower prices always bring wider distribution, and with our larger productive capacity a broadening market is now required to keep the people employed.

I think it a fortunate circumstance that a year has elapsed since this tariff bill was first framed, and that we are to-day still without a permanent tariff, because I think we can see the situation a little more clearly now than we could then. We in these industries might have been willing and content to wait another year were it not for the existence of what is practically an embargo on wool importation to which I have already alluded. This provision in the emergency tariff is actually now beginning to demoralize both the clothing and woolen trades. On the one hand we have an insistent demand for lower prices of clothing, on the other a rapidly rising market on wool in this country and an actual scarcity of certain classes of wools. Meanwhile prices are declining in London and Australia. This situation is not of any particular benefit to the woolgrower, either, for the reason that so much of this wool has now left first hands and is owned either by the wool dealers or the stronger woolen manufacturers. And unless this emergency tariff is quickly replaced by some more reasonable provision, not only will the public show its resentment at the higher prices that it is compelled to pay for clothing at a time like this, but these industries will be subjected to a secondary liquidation when this situation is ultimately corrected, as it inevitably will be, and after they have already had to go through the most trying ordeal in their history and are seriously shaken in consequence.

I think, therefore, that it is of urgent importance that a permanent and at the same time rational tariff on wool should be enacted without further delay.

Senator SMOOT. Mr. Goldman, evidently you are well acquainted with the cost of producing wool and what the wool man has to pass through. No doubt you have seen them living in palaces and living on the best of the land. Now, let us see how your figures work out.

Mr. GOLDMAN. All right, sir.

Senator SMOOT. What is the production of wool in the United States?

Mr. GOLDMAN. Roughly, 300,000,000 pounds.

Senator SMOOT. Of course, that is wrong. That is pretty close for any figure you are talking about. If you would say 425,000,000 pounds you might be nearer right. Four hundred and twenty-five million pounds at 15 cents is $65,000,000. So it is 15 cents a pound for the wool. You say it takes 4 pounds of wool to make a suit of clothes?

Mr. GOLDMAN. Yes, sir.

Senator SMOOT. That wool shrinks 50 per cent.

Mr. GOLDMAN. No. I am talking about 4 pounds of clean wool.

Senator SMOOT. You say clean wool, and therefore it would be 8 pounds.

Mr. GOLDMAN. Eight pounds of greased wool.

Senator SMOOT. Eight pounds at 15 cents would be $1.20 worth of wool in the suit of clothes.

Mr. GOLDMAN. That varies, of course, according to the grade of wool.

Senator SMOOT. Take any grade you want to.

Mr. GOLDMAN. The most recent figures, Senator, that I have of wool production, and the only up-to-date figures, in general terms, was about 300,000,000 pounds.

Senator SMOOT. I want to see what these dirty profiteers on the American people have been doing to you manufacturers.

Mr. GOLDMAN. All right; I will be glad to go through that with you. I am willing to accept your estimate of 425,000,000 pounds.

Senator SMOOT. There is a $1.20 worth of wool in a suit of clothing?

Mr. GOLDMAN. No. There are 4 pounds of wool, and if you say 425,000,000 pounds, perhaps that figure should be eighty-five or ninety million, of total production, instead of $65,000,000. I asked a number of men in the last few days. The last figures I got I received in that way, and from the Tariff Board report, which gives the production as 300,000,000 pounds.

Senator SMOOT. It was more than 300,000,000 pounds.

Mr. GOLDMAN. I can not dispute the fact, but the Tariff Board gave those figures.

Senator SMOOT. What is the amount of the consumption in the United States of greased wool?

Mr. GOLDMAN. The consumption was somewhere around 650,000,000 pounds.

Senator SMOOT. That shrinkage of 50 per cent would be all right, would it not?

Mr. GOLDMAN. It is a little less than that on the average.

Senator SMOOT. It is more than that on the average, but I am willing to take the average in a suit of clothes.

Mr. GOLDMAN. Put it at 50 per cent.

Senator SMOOT. That would be 325,000,000 pounds of wool?

Mr. GOLDMAN. Yes, sir.

Senator SMOOT. At 25 cents. That is $79,000,000 instead of $250,000,000.

Mr. GOLDMAN. No. That is before it is pyramided. You have to pyramid it three times.

Senator SMOOT. Do you mean you pyramid that by 300 per cent?

Mr. GOLDMAN. Yes.

Senator SMOOT. You are judging that upon what you would do yourself as a manufacturer?

Mr. GOLDMAN. I am judging it by a very careful inquiry I have made of all classes of manufacturers as to about what the mark up is in the various branches. There is one thing I want to say. It is a

very generally accepted thing that the retailer marks a minimum of 50 per cent on the cost.

Senator SMOOT. Yes. That is the minimum. I am perfectly aware of that.

Mr. GOLDMAN. That goes without saying. There is no argument on that. We have gone through the different propositions. I have had a good deal of correspondence concerning that before I worked it out. It worked out between two and three-fourths and three times.

Senator SMOOT. Do you think the man that took the wool and put it into tops made 100 per cent? He pyramided that 100 per cent?

Mr. GOLDMAN. Oh, no.

Senator SMOOT. You would have to, if it goes to 300 per cent.

Mr. GOLDMAN. Oh, no. The first man that gets it from the wool dealer makes something on it.

Senator GOODING. Are you blaming the sheepman for all this?

Mr. GOLDMAN. No; I am not blaming anybody for it. I am not blaming the sheepman at all. I am simply stating the fact that the first man that gets that wool from the grower makes money on it.

Senator SMOOT. Yes; but he does not make 100 per cent.

Mr. GOLDMAN. I did not say he did.

Senator SMOOT. What does he make?

Mr. GOLDMAN. I suppose 10 per cent. Take a dollar, and that is $1.10.

Senator SMOOT. We will get the percentage in that way.

Mr. GOLDMAN. Yes. He sells it to the spinner.

Senator SMOOT. Yes.

Mr. GOLDMAN. And the spinner has a plant, and he has overhead and he has profit and everything.

Senator SMOOT. Of course.

Mr. GOLDMAN. I am adding 15 per cent on that dollar and 10 cents.

Senator SMOOT. That is $1.30.

Mr. GOLDMAN. That is $1.26. He sells it to the cloth manufacturer.

Senator SMOOT. What is he going to make?

Mr. GOLDMAN. He has a large selling organization, and he has a greater distributing cost than the spinner had, and I should say when it gets into his hands he would add 18 per cent to that price.

Senator SMOOT. Only 18?

Mr. GOLDMAN. Eighteen per cent, to cover his profit.

Senator SMOOT. That would be 22 cents. That would make a dollar and 59 cents. What is the next?

Mr. GOLDMAN. It goes to the clothing manufacturer, and when it goes to the clothing manufacturer I would figure he would add 22½ per cent.

Senator SMOOT. That is 29 cents, making $2.05. What is the next?

Mr. GOLDMAN. Then it goes to the retailer.

Senator SMOOT. Yes.

Mr. GOLDMAN. And the retailer adds 33⅓ per cent.

Senator SMOOT. That is 90 cents, making $3.08.

Mr. GOLDMAN. We have in between a certain percentage, whether it goes to a clothing manufacturer or a clothing jobber. When I say it runs 2¾ to 3 times I know.

Senator SMOOT. That would be 208 per cent?

Mr. GOLDMAN. No; 308.

Senator SMOOT. If that is the way you figure profit, you ought to be a millionaire in a little while.

Mr. GOLDMAN. I am not saying that. I am saying where the wool costs a dollar it costs $2.75 to $3 by the time it reaches the hands of the consumer.

Senator SMOOT. That is the same with everything that goes in there. Of course, it would be 208 per cent, but that is all right.

Mr. GOLDMAN. That is exactly what I said.

Senator SMOOT. You said 308 per cent.

Mr. GOLDMAN. No; I said it went up from a dollar to $2.75 or $3.

Senator SMOOT. I am trying to get at this $250,000,000 that the woolman makes out of the American people.

Mr. GOLDMAN. I didn't say that. I say that is what it costs us to protect the raw-wool industry, approximately.

Senator SMOOT. If there had been no duty upon it, you would have made the same percentage?

Mr. GOLDMAN. In everything except the raw-wool duty.

Senator SMOOT. Then, of course, it is not 90 per cent. It is one-half of 77, and that would be 38. It would be $2.15 instead of $2.67.

Mr. GOLDMAN. Yes; that is correct. Everything multiplies in distribution, and when you add duty on the raw material it multiplies more rapidly than anything else.

Senator SMOOT. If there were 312,000,000 pounds of clean wool at 25 cents it would be $79,000,000. If that is added to this amount it would be 161,000,000. Of that amount what do you think the wool man gets, the man who has held it? The manufacturer and the merchant would have to make out of that $161,000,000 how much? What does the wool man get?

Mr. GOLDMAN. Senator, I have to take exception to those figures. You are figuring on a duty. You are not figuring on the cost of wool. The figures I gave you of $2.67 represent the cost in each suit of clothes. That, I say, is about 10 per cent of the cost of the suit, and therefore it is 10 per cent of the amount of clothing sold. I am contending that that is a pure duty. It is not anything else. It is not material at all. That is simply pyramided in the shape of duty.

Senator SMOOT. Even that way you would only have 166 per cent.

Mr. GOLDMAN. I beg your pardon. You figure wrong. I will be very glad to work that out for you in detail.

Senator SMOOT. You do not have to work anything out in detail for me. I have been in the wool business and the mercantile business and I know what percentage means.

Mr. GOLDMAN. Those figures are absolutely correct.

Senator SMOOT. Do you make ready-made clothing?

Mr. GOLDMAN. Yes.

Senator SMOOT. What is the average—3½ yards to a suit?

Mr. GOLDMAN. Yes.

Senator SMOOT. To a suit that you make?

Mr. GOLDMAN. Yes.

Senator SMOOT. What do you pay per yard now?

Mr. GOLDMAN. Our goods vary widely.

Senator SMOOT. Yes; but take your ordinary laboring man's suit of clothes.

Mr. GOLDMAN. We get a fair piece of cloth for $2 a yard net. It is not good, but fair.

Senator SMOOT. That would be $7 for the cloth in that suit?

Mr. GOLDMAN. Yes.

Senator SMOOT. What does that retail for now?

Mr. GOLDMAN. That suit of clothes now retails for $30.

Senator SMOOT. Where?

Mr. GOLDMAN. Practically all over the country.

Senator SMOOT. What do you sell it for?

Mr. GOLDMAN. $22.50 regular terms, giving a discount of 9 per cent off, about $20.

Senator SMOOT. What does it cost you to make that suit? I mean lining and everything outside of the wool?

Mr. GOLDMAN. The tailoring of that suit will cost $7.50.

Senator SMOOT. What do you mean by the "tailoring"?

Mr. GOLDMAN. The making of the coat, pants, and vest, and the cutting of the coat, pants, and vest—the actual workmanship.

Senator CALDER. The labor cost.

Mr. GOLDMAN. Yes; the labor cost. It has a trimming cost, which would be about $3.

Senator SMOOT. $10.50?

Mr. GOLDMAN. Yes.

Senator SMOOT. When did that increase take place? I used to have a suit of clothes made complete with everything for $3.75.

Mr. GOLDMAN. I know.

Senator CALDER. Who furnished the cloth?

Senator SMOOT. I furnished the cloth and a Chicago clothing manufacturer would make the suit of clothes and everything complete for $3.75.

Mr. GOLDMAN. The Senator is right about that.

Senator CALDER. Did you furnish the trimmings?

Senator SMOOT. No; he furnished them. I bought thousands of suits and I know what they were.

Senator GOODING. All wool?

Senator SMOOT. Every pound wool.

Mr. GOLDMAN. The Federal Reserve Board on December 1 had a most interesting graphic chart showing wage conditions in the leading industries in this country. The first is clothing, the second is shoes, and the third is woolens. The clothing industry shows a wage scale as against 1914 of $2.77, as against the cost of living of $1.64. Woolens are somewhat lower than that, but the clothing scale of wages is to-day the highest of any industry in this country.

Senator SMOOT. I do not know where you will find any of these suits that are being sold for $30 to-day.

Mr. GOLDMAN. Those suits are being sold for $30 to-day.

Senator SMOOT. They are suits but not——

Mr. GOLDMAN (interposing). I am talking about the suits being sold at $30.

Senator SMOOT. On those figures you make $5?

Mr. GOLDMAN. No. If you take the discount off of that, it is down to $20 net. How much do we make on that? I haven't put in anything for overhead.

Senator GOODING. Two dollars ought to buy a yard and a half of cloth. Is the cloth all wool in the suit of clothes you make?

Mr. GOLDMAN. Most of it.

Senator SMOOT. You make a good deal more from making that suit of clothes than the man does who has his sheep and runs them for a full year, and has all the chance to take that they will all be dead before spring, all the expense of maintaining them, feeding his sheep, shearing his wool, paying freight to the market, and he only gets about $1.20 out of that wool.

Mr. GOLDMAN. I am not arguing anything about the wool man. I am just showing that in relation to the cost and the value of the product that duty is a large matter of concern to the American people, and it is.

Senator SMOOT. What do you pay for that cloth? What did you pay for that suit you have on?

Mr. GOLDMAN. I had that made.

Senator SMOOT. I know it was not made in your shop.

Mr. GOLDMAN. That is a piece of English cloth. It costs about $7.50 or $8 a yard.

Senator SMOOT. It takes 3½ yards?

Mr. GOLDMAN. Yes.

Senator SMOOT. At $8 a yard that would be $28?

Mr. GOLDMAN. Yes.

Senator SMOOT. What did they charge you for that suit?

Mr. GOLDMAN. I think it was $135.

Senator SMOOT. And you got it about $10 less than they generally charge?

Mr. GOLDMAN. I don't remember whether it was $140 or $135. I don't just remember now.

Senator SMOOT. The whole amount of cloth, if shipped from England, with the tariff paid and everything else, did not cost you $28. I went down the other day to get a suit of clothes made of American goods. They wanted to charge me $125 to make a suit of clothes. If you have such a wonderful interest in what the American people have to pay and how they are being robbed, let us begin at the place where the robbery takes place.

Mr. GOLDMAN. Where does it take place?

Senator SMOOT. It takes place more particularly with the retailer than with the manufacturer. It is not the man who produces the wool that is in that suit of clothes.

Mr. GOLDMAN. Senator, I think it is only fair—I am not here to defend anybody. I am not charged with the defense of anybody. We are doing business in this country under certain conditions. When you say the retailers are profiteering I don't think that statement can be borne out by the condition of the retailers generally. They are subject to certain methods of doing business, certain conditions they are confronted with. I can assure you that the percentage of retailers to-day that we can credit is growing materially less than it was a year ago. They can't make big money in any case. They have a tremendous overhead.

Senator SMOOT. I am aware of that. I was not going into that detail.

Mr. GOLDMAN. If there is any retailer anywhere that is profiteering you can depend on it that the business conditions that exist in this country will correct it very quickly. We are not going to suffer it very long. He will not last in business.

Senator SMOOT. I would not have cared a cent about this if you had not come here and made direct charges.

Mr. GOLDMAN. I have no charges against the woolgrowers. I am sympathetic with them. You will admit the value of the wool product is under $100,000,000. Suppose it is $100,000,000. I took the estimate of a very prominent woolman day before yesterday on that, and he told me $65,000,000. I am willing to accept your estimate of $100,000,000.

Senator SMOOT. I did not say it is $100,000,000.

Mr. GOLDMAN. Suppose it is $125,000,000.

Senator SMOOT. No; it is not $100,000,000.

Mr. GOLDMAN. Isn't it a fact that we ought to stop and think before we put a duty on what is going to be $200,000,000 more for the American people to pay?

Senator SMOOT. But you are wrong there.

Mr. GOLDMAN. I am sure I am right as to the $200,000,000.

Senator MCCUMBER. There has been a very exhaustive discussion of this. We have two more witnesses who desire to be heard this evening.

Mr. GOLDMAN. If there are any other questions I will be glad to answer them. I am not an expert. I am giving the opinion of clothing people.

Senator GOODING. Do you buy direct from the mills?

Mr. GOLDMAN. Yes; and also at times from the jobber; wherever I can buy to the best advantage.

Senator GOODING. Do you understand that at the present time in an all-wool suit of clothes there is only about $1.50 worth of wool?

Mr. GOLDMAN. Some classes of wool.

Senator GOODING. I am talking about the average.

Mr. GOLDMAN. I should say it would be nearer to $2.

Senator GOODING. Do you know that for every pound of wool put into a suit of clothes or a fabric there is a pound of cheaper material, cotton, or stuff of that kind, that does not cost more than from 2 to 6 cents a pound?

Mr. GOLDMAN. Yes. That only applies to a certain percentage of goods.

Senator GOODING. You take the average goods of the American laboring man, and there is only about $1.13 or $1.14 worth of raw material in it.

Mr. GOLDMAN. This tariff is not yet effective—this 25 cents on the clean content. It has not yet been felt enough, so far as certain classes of wools are concerned, to be effective.

Senator GOODING. It never was much more than that, as far as the woolgrowers were concerned.

Senator LA FOLLETTE. Senator Smoot challenged your statement as to the quantity of wool production of the United States. I wish you would read from the tariff report the figures given by the Tariff Board in respect to that.

Mr. GOLDMAN (reading):

The quantity of wool produced annually in the United States has remained practically the same for the past 35 years. The domestic product amounted to about 300,000,000 pounds in 1883, and it has since not usually varied from this figure by as much as 20,000,000 pounds. The smallest annual product during that period was in 1897, when the total clip amounted to only 259,000,000

pounds, and the largest was in 1893, when 348,000,000 pounds were secured from domestic sources. In most years the output has been very close to the 300,000,000 mark, which was reached nearly four decades ago.

In 1920 it was 295,400,000.

Senator LA FOLLETTE. On the preceding page there is the production for 1919 of 314,000,000 pounds.

Mr. GOLDMAN. Yes, sir.

STATEMENT OF PRAGER MILLER, ROSWELL, N. MEX.

Mr. MILLER. I appreciate very much the opportunity to represent New Mexico at this meeting. We, as perhaps all other States of the Union, have experienced great difficulty in the reconstruction period following the World War.

The woolgrowers of New Mexico, which I represent particularly, have been before this committee twice, and I appreciate the patience that the Senators of the Finance Committee have shown in hearing the woolgrowers of the United States; and in being invited to appear before this committee representing the New Mexico division of the Southern Tariff Association I appreciate more than any other thing the fact that the Southern Tariff Association represents not only the producers of the South but the producers of the entire United States.

I, for one, as an American citizen, while I am a Republican in politics, believe that my party should merit success only by giving service to the people of the United States, and during this time of stress we certainly, in my opinion, need a tariff, which is the foundation of the business structure of the country, and in making this fight the Southern Tariff Association, I feel, represents the entire country and not the South.

I am going to give you the situation as it exists in my State, which situation exists also in practically all of the Southern and Western States, and in giving this situation I am particularly representing the woolgrowers and the cattle growers and the farmers of New Mexico, because in New Mexico we have, aside from our mines—which are now closed; they are not operating—the farming industry and the live-stock industry, from which revenue is derived that maintains our citizenship.

I want to show particularly the effect of the emergency tariff bill as it affects our State, and to show what effect a revision of that tariff might have upon the producers and the citizenship of our State. The emergency tariff absolutely saved the live-stock industry, upon which the agricultural industry depends, because during the years 1919 and 1920, while we had no tariff, after boats became available for the importation of wool into this country, foreign imports came into the country to such an extent that we could not sell our 1920 clip.

This point I want to bring out: In the beginning of 1919 the woolgrowers started in the production of the 1920 clip. It takes a year to produce a calf crop or a wool crop. We produced those clips and that calf crop at the highest cost ever known, and in the spring of 1920 we could not sell that wool crop because the Federal Reserve Board of this country had introduced their rulings and curtailed credits. In other words, the general order for deflation of credits had taken place on May 18, 1920, and we do not shear in my country

and in the West until, say, the month of June, and due to that fact we could not sell our 1920 wool clip, and we carried it over until 1921 at the expense in the Southwest of about $5 per head on the sheep, and in the Northwest at $10 per head.

We carried the 1920 clip over until the spring of 1921, under which conditions we had to borrow the money for running expenses for 1921. Let us say, gentlemen, that the average chattel mortgage on sheep was $2.50 per head in the spring of 1919. The $5 running expenses for those sheep during 1920 added to the average chattel mortgage of $5, made $7.50 per head.

Little money was realized on the sale of lambs, and we borrowed the running expenses for 1921, which made the average chattel mortgage about $10 per head for sheep.

When the wool clip of 1921 was sold it was sold on the basis of prewar prices, from 12 to 20 cents a pound, which left the average chattel mortgage on these sheep from double to treble the prewar average chattel mortgage.

I bring out these facts to show you the condition we are in to-day, and the conditions we are facing in trying to carry out the live-stock industry of the West.

Senator DILLINGHAM. Will you repeat that portion of your statement about the condition in 1921 after you had applied the figures of the sale?

Mr. MILLER. In other words, you would like me to deduct from the average chattel mortgage the price obtained from the lambs?

Senator DILLINGHAM. Yes.

Mr. MILLER. Senator, we will say that the average lamb production was 60 per cent, which is correct, at the end of the year 1920, when we failed to dispose of our wool. So that the realization from the lamb crop was $2 per head; it cost us $5 to produce the 1920 clip and the lamb production. That left an average, if I am correct, of $5.50, average chattel mortgage on those sheep. Then we borrowed the money for the production of the 1921 clip, which, for illustration, was $4. So we realized in 1921 $7 per head for the production of that lamb, which leaves $2, which would be $7.50 average chattel mortgage on the sheep of the West, if I am correct.

Senator WATSON. Is that the condition to-day?

Mr. MILLER. Senator Watson, I would say that that is close to the average chattel mortgage on this stuff.

Senator WATSON. What are sheep worth?

Mr. MILLER. Sheep have been selling for, particularly in the Southwest, an average of $3.50 per head.

Senator WATSON. Half the amount of the mortgage?

Mr. MILLER. They have been selling, regardless of the mortgage—what sheep have been sold—at $3.50 on the average. Because in that average herd of sheep you have the cut back of lambs and old ewes, which makes the average herd down to $3.50. While good young ewes will sell at $5, the average sheep of the herd will only bring $3.50 per head.

Senator GOODING. I will say, Mr. Chairman, that in the Northwest the average mortgage on a bunch of ewes is about $10 a head—between $9 and $10 on all the sheep, which takes them all, whether mortgaged or not.

Mr. MILLER. I wish to impress the members of the Senate Finance Committee with this fact, that it is not a matter of saving the individual woolgrowers of the country, but that burden of $10 per head rests upon the banks of the West, and the banks are depending upon the conservative, old-time woolgrowers of the West for the payment of that money. I trust I am understood clearly.

In other words, under present conditions the woolgrowers of the West, the old, conservative woolgrowers, can not meet the present situation; and how could you expect new men to go into the business and conserve the industry? And we are all interested, my friends, in conserving the industry, not the individual.

I want to say to you before I go into the tariff duties that I look at the tariff situation not from the standpoint of any one industry but as a national situation, because no one industry can prosper in this country at the expense of any other industry.

If we believe in tariff for protection, we believe in protection for all industries of the country that need protection, and I do not appeal to you for a just tariff on wool and on hides as a matter of protection of the wool industry or the cattle industry. But I believe that, for illustration, the middle western farmer depends upon the production of live stock in the West for a market for his products. It is true that he exports a certain percentage of his products, but he is depending upon the live stock produced in the West for the market for his grain, and in turn, if the purchasing power of the West is destroyed, even the manufacturer of the East has lost that market which is the best market, as far as I am able to ascertain, for his product.

If the reports from the Department of Commerce are correct, the percentage of products exported from the United States over a period of 10 prewar years was less than 10 per cent. In other words, 90 per cent of the products of the manufacturers of the East, taken as a whole, have been marketed within the borders of the United States.

So I feel that in asking for a tariff it is not for the producers of the West. I believe in a reasonable tariff and in the proper tariff for the manufacturer of the East, and I want to speak now particularly for the woolgrowers to illustrate my point.

The woolgrowers produce only half of the wool consumed in the United States; the other half is imported.

We depend on the wool market for our product. On the other hand, the American manufacturer who might feel that if he could get his raw materials free he could compete with the world markets and we become an industrial nation. I can see his point of view. Personally, I believe that he is cutting his own throat, because when he destroys the purchasing power of the West by placing raw materials on the free list he has killed the biggest market that he has for his product. So, as I suggest, I believe in protection for all of the industries of the country that need protection, if we are to restore prosperity to the country.

In my State, as in all the Western States, business is dead; not only do the agriculturists find no market for their products, but the merchants can not sell their goods, and in my opinion it is because the purchasing power of the producer has been destroyed. Yet a few evenings ago, before I left New Mexico, the merchants of my town—the merchants, understand—met and went into consideration of the

American valuation plan in the tariff bill. They failed to indorse that plan because the majority of them felt that the adoption of the American valuation in the tariff would hold up the cost of living, would hold up the cost of merchandise, not realizing that what they need to-day is to restore the purchasing power of the producer. Their customers can not buy their products, gentlemen, if they are out of employment and if the product of the farmer is not worth anything. It is not what a dollar is worth in the United States, but it is what a bushel of wheat is worth; it is what a pound of wool is worth. Take it in my State, where we have nothing, as I stated in the beginning, aside from mining except agriculture, which depends on what a hide off the cow is worth, what the meat is worth, what the wool and mutton are worth, whether or not the merchants of my community or my State can sell their commodities.

Senator DILLINGHAM. You have stated that the present selling price of sheep on the average was $3.50. Taking the 10-year period before the period of depression came, how did prices run?

Mr. MILLER. Senator, I bought sheep in 1912, if I am not mistaken, at $4 for ewes and $3 for lambs, with 10 per cent cut back in October. At that time, Senator, wool was bringing 15 cents a pound on the average, in my State. To-day these sheep are selling for the same price—for prewar prices—and the costs of production have doubled what they were in that time.

I want you to remember this: I want to place these thoughts before you gentlemen. I am a woolgrower, I am not a speculator; I have been in the sheep business since I was 18 years of age. When I go down to the bank to obtain a loan for the carrying on of this industry, I do not obtain credits on anticipations of what prices may be, but I obtain credits on the basis of actual values—taxation, interest rate, and so on; and to-day we are producing at 50 or 60 per cent at least above prewar costs of production, and we are selling our product on the basis of prewar values, and we absolutely can not continue if you are not going to protect the industry.

It is true that in my State to-day the cattlemen are not skinning their cattle; the sheepman is not freighting his pelts to town for sale, because they would not pay the freight.

Senator DILLINGHAM. To what do you attribute that?

Mr. MILLER. In the first place, Senator, I want to show you the cost of production; I want to show where it originated, if you will appreciate that the average chattel mortgage on sheep was $2.50 at the beginning of 1919 and that we produced the 1920 clip at the highest prices ever known. Our credits were cut off and there was no sale for wool in 1920; that $5 expense money was added to the average chattel mortgage, and so on. We were paying, in other words, 10 per cent interest on $2.50 sheep in 1919, and we are now paying 30 per cent for interest for our money to maintain that industry because we owe three times as much on that sheep. But say if it were only double, so that the average chattel mortgage on a sheep in the Southwest was $5, it is a condition, Senator, over which we have no control. For example, during 1919–20 prices were maintained in this country commensurate with the cost of production when we had the greatest surplus ever known in the country. You gentlemen remember that following the armistice in November of 1918, that in the next month prices were fixed on hogs and wheat in the country.

Prices were maintained in the country during 1919 and 1920 by placing minimum prices on wheat and hogs, as I say. The costs of production were extremely high, and during these following years we produced at the highest costs ever known; and during the spring of 1920, when the bottom dropped out of the market and credits were curtailed, we had to sell on the basis of foreign values. I am trying to show that the average chattel mortgage on this stuff is not any fault of ours; it is not the fault of the bankers or anyone else. In the cost of production, interest, and taxes due to the increased burden of taxation created by the war, we are paying twice the taxes we paid before the war. In other words, the cost of production can not come back to prewar costs. Consequently the price of our products at prewar prices are absurd and ridiculous if you are going to maintain the industry. It can not be done. And if the War Finance Corporation, for instance, is going to help to maintain this industry, we must have a tariff sufficient to create a price commensurate with the cost of production.

Senator McLEAN. What did the Finance Corporation do for you?

Mr. MILLER. The War Finance Corporation has, in my humble judgment, saved the situation in the West, and if the War Finance Corporation continues to function as it has functioned during the last two months we will be able to continue the industry, and if not, we will not be able to do so.

In other words, the War Finance Corporation in taking over these loans at a reasonable value—for instance, a local bank, if it can get two-thirds of what the customer owes, the bank has a loan through the War Finance Corporation under the 30 months' loan plan, the woolgrower in the meantime will be able to make the difference in that. So that at the time of the expiration of the activities of the War Finance Corporation the woolgrower will become solvent and the local bank will be able to take over his loan.

Senator McLEAN. You do not imagine that the War Finance Corporation can save this industry regardless of a tariff, do you?

Mr. MILLER. The first essential, in my opinion, is the tariff. The tariff is the foundation of the business structure of the country; and I will say, further, that the American valuation plan and this tariff are absolutely essential, because, due to the depreciated currency of foreign countries and other elements, we can not continue production in this country without a sufficient tariff and the American valuation plan of assessment.

Senator McLEAN. They can not save you unless you have a market for your goods at a profit?

Mr. MILLER. Certainly.

Senator McLEAN. The War Finance Corporation can carry you, but the day is coming when you have got to sell your stuff at a profit?

Mr. MILLER. Certainly, but if you restore the purchasing power of the American public that consumes 90 per cent of the production of the country, we will be saved.

Senator McLEAN. The tariff will help you get back your market?

Mr. MILLER. So far as the manufacturers of the East are concerned, my understanding is that there is a clause in the tariff bill, which, for instance, if an American manufacturer buys wool from South America and imports it into the country, that part of his product which is not consumed in the United States but which is for ex-

port, when he exports that product he is allowed a refund for the difference in that tariff, at least 99 per cent; so that the American manufacturer is at least taken care of in the exportation of his surplus that he produces.

MOHAIR.

[Paragraph 1102.]

STATEMENT OF R. E. TAYLOR, REPRESENTING THE NATIONAL MOHAIR GROWERS' ASSOCIATION.

Senator McCUMBER. Mr. Taylor, will you kindly give your name and address to the stenographer and tell whom you represent?

Mr. TAYLOR. R. E. Taylor, representing the National Mohair Growers' Association of the United States. I want to talk to-day on the question of the Angora goat. The Angora goat is the animal that produces the mohair which will be the topic of my conversation with you to-day.

This industry is not like other industries. It is not so well known. It has been shrouded with many false representations, and some of these representations I hope to remove from your minds to-day.

The industry, as I have said, is not an old one in the United States. It dates back only to 1848. At that time the Sultan of Turkey wanted to get into the cotton business. He asked our President to send a representative over there to teach his people how to grow cotton. Dr. James B. Davis was sent. For the courtesy of Mr. Davis's services over there the Sultan of Turkey gave to Mr. Davis a small flock of Angora goats. These were returned to America and were widely distributed over Texas, New Mexico, Arizona, California, and Oregon.

Senator DILLINGHAM. How long ago was that?

Mr. TAYLOR. 1848, if I am correct. Mind you, I am a little bit in doubt as to it. I may say that I am not accustomed to the gathering of statistics. I am but a poor ranchman who raises horses, cattle, and goats, farms a little bit on the side, and things of that kind. Consequently, I have not been accustomed to gathering statistics nor to appearing before committees to give information.

Senator DILLINGHAM. I just wanted to get the approximate date.

Mr. TAYLOR. I think it was 1848. Afterwards other importations followed on for a great number of years, until finally the Sultan of Turkey realized the fact that he had let his goat get away from him and that the United States, which was then and is now known as the most progressive Nation on earth, was fast developing that industry, so he put a prohibitive duty upon the exportation of goats from that country. At first it was something like a duty of $500. That, however, did not stop exportations; and then he increased that duty to a considerable extent and later made the penalty death.

South Africa, about that time, realized what was happening to her colonists, and she put a prohibitive duty upon the goats, so that you can readily see that the Angora goat people have had to fight to hold their own in the Angora industry in the United States.

We do not ask that our Government should retaliate against these foreign Governments for this discrimination against us, but we do ask why our Government, in view of this discrimination, should pro-

pose a duty so low as to destroy our industry and at the same time turn it over to the Governments of Turkey and South Africa. We think that we should be protected and cared for as American citizens and as an industry that must go forward.

I shall now take up the Angora goat's habits. We have about four classes of goats. You men are no doubt familiar with one, or possibly all, of these classes of goats. I have made a particular study of all of them in my time. We have the Spanish goat. That goat is fit only for food. There is no revenue from mohair. Then there is the milk goat that has taken its place and is fast becoming popular in this country. Then we have the Angora goat, the producer of mohair. Then, fourth, and last of all, we have the scapegoat, with which you are all familiar. That one, gentlemen, I have had to deal with but very little in my time.

We have up to the present time 2,100·000 Angora goats in the United States, of which Texas has more than half. I am going to talk only about shearing goats. If you will look at the statistics gotten out by the Government you will see that practically every State in the Union is now raising goats.

The goat takes readily to any climate. He thrives in any part of the country; in fact, wherever he has been put. It is a fallacy to say that the goat is adapted only to the western section of the country. That is not true. He adapts himself readily to any climate. He thrives in the East and in the North, as well as in Missouri, Georgia, Alabama, Mississippi, Arkansas, and Louisiana. He does well in the swamps of Louisiana. While the Angora goat, the producer of mohair, is primarily a browsing animal, his principal food being leaves and twigs; he will eat some grass.

We have a vast area of land all over the States of Louisiana, Texas, and Georgia, as well as a number of others, especially adapted to the raising of the Angora goats. He replaces the grass wherever he goes.

Take the farmer with his paddock; take underbrush, where the leaves are shading the ground; if you put enough goats within a reasonable space you will find a great improvement. If you place these goats in these places, the second year the grass will begin to come up on land that is not producing any grass for sheep and cattle. The grass will return to it after a time, and it then becomes a grazing proposition for live stock.

The Angora goat is the most healthy animal that is known. He carries no contagious disease. In every way possible they have tried to find out whether he carries some contagious disease; but they have failed to find that he does. Out of 76,000 that were slaughtered in Kansas City, but 2 were condemned. An investigation was made to ascertain why they were condemned. It was announced that they had tuberculosis. We took up the question and asked to what extent they had examined them. The man who had the examination made said that it was doubtful in his mind whether they really had tuberculosis, but that he could not afford to pass them. He was not at all sure. He said that they did not take the steps that were proper to ascertain what it was. We again asked his opinion. His opinion was that it was doubtful that they had tuberculosis. You are not injecting into your child's body any tubercular germ when your child

eats goat's meat. I want to say to you men, if you never ate any, it is time that you should know, for you are missing something.

I have come before you people in the interests of this industry because my heart is with it. My expenses are being paid up here practically through contributions. I have used some of my own money because my heart is with the cause. I want to see the goats go forward. I realize we need this industry. I have a brief in my pocket covering this. I will read it if you will bear with me.

Senator SMOOT. Do you tell what rates you want?

Mr. TAYLOR. Yes. Gentlemen, I never had the blessings that many of you great men have had, of attending colleges or even common schools. I have lived on a ranch. I have grown up with the different animals, and I have a great many of their habits.

Mohair is from the Angora goat, native to Asia Minor. This fiber is soft and silky, white, and lustrous, and 12 months' growth is from 10 to 12 inches in length. Mohair from the Southwestern States is usually shorter, as the goats are sheared twice a year. The average weight of an Angora fleece is about 3½ pounds, much below that of the sheep.

These hairs are used for making coat linings, dress goods, automobile tops, rugs, carriage robes, imitation furs, plush for car seats, and for upholstering furniture and Pullman cars, and for press cloth, ladies', children, and gentlemen's summer wear.

There has been a fallacy prevailing to the effect that there is no market. That question has been discussed. It has been said that mohair does not have a stabilized market. There was a time when that was true, but it is now coming into its own, just as other commodities like wool and cotton, for the manufacture of wearing material. It is the greatest known summer dress that we have for both men and women. I am going to quote as I go along from the Goodall worsted people.

I want to say that I was invited by Col. Goodall to go through his mill. I spent something like four days up there. I had a very nice visit with him. I wanted to get information as to mohair; that is, as to what its uses were and to see the actual operations. I want you to understand, however, that I did not go there to get this information secretly. All this information was graciously given to me for such disposition as I might care to make of it. They received one order, a very large order for $2,000,000, with the understanding that if it were delivered in a reasonable time it would be duplicated.

For children's clothes and dress goods this is the most satisfactory article that is known. It is washable. You can clean it wet or dry. It is noninflammable. A child's dress made of mohair will not take fire. A match dropped into a mohair bag will burn until it goes out, but the mohair itself will not burn. It is only a matter of a short time when mohair will be used for all firemen and foundry people. They are fast coming to it. They are asking for it.

Until recently it was not known what you were purchasing when you purchased mohair. It is only just recently that you could go into a store and call for a mohair suit and get a suit composed of the real mohair. The Palm Beach suit is a mohair product put out by the Sanford Mill people, if I am correct.

I am going to take up now the production of mohair. I want you to note how the imports have exceeded our production. While we have

made considerable progress in the production of mohair, yet there is room for considerable more. The Goodall worsted people told me when I was visiting them that before the end of 1922 their mills would be manufacturing more mohair than we could produce in the United States.

In discussing the tariff proposition with these gentlemen, they said: "We want you to have a tariff; we want your industry to go forward; it is a much-needed industry." I asked them if they had finished the experimental stage, and they said that they had not. They said that every year they were manufacturing products that they did not know they could make from mohair a few years past.

The amount of mohair sheared here in 1900 was 961,000 pounds, valued at $268,000, equal to 39 cents per pound.

In 1910 there were 3,779,000 pounds, valued at $902,000, representing 24 cents a pound.

In 1914 there were 4,500,000 pounds; 1915 to 1919, about 6,000,000 pounds per year from Texas, Oregon, New Mexico, California, and Arizona.

The Government statistics put the average of an Angora goat, I think, at about 2½ pounds. The statistics that I got were several years old, and I think the Angora goat to-day is producing 3½ pounds. The Government says that it cost 23 cents to produce a pound of mohair at that time. That was prewar time. It is now considerably more. It must cost 30 cents or 35 cents a pound.

Now I will go on with my story.

The imports of mohair, alpaca, and other like animals in 1910 were 1,969,919 pounds, valued at $682,010, equal to 28 cents per pound.

In 1914 the imports were 3,555,950 pounds, valued at $1,160,391, equal to 30 cents per pound.

In 1917 they were 9,367,801 pounds, valued at $3,501,808, equal to 26⅔ cents per pound.

In 1920 they were 8,183,837 pounds. Alpaca averages about 1,000,000 pounds, and Chinese human hair about 1,000,000 pounds in two years.

Thus, you see, placing our Angoras at 2,000,000, according to statistics, we would only be producing 7,000,000 pounds of mohair, approximately, against 9,367,000 pounds of imported mohair.

From 1910 to 1917 the average price of domestic mohair was about 31 cents per pound, but during the war prices varied. At the beginning of 1919 mohair was selling at 60 cents a pound, but it dropped down as low as 16 cents, and in 1920 a great deal of mohair changed hands around these prices.

On about December 8, 1920, while we were in convention assembled at El Paso, Tex., we received a telegram from Adams and Leland, Boston, to the effect that Cape mohair was being offered in Boston at 12 cents per pound.

Senator SMOOT. What is it now?

Mr. TAYLOR. It is an average of about 23 cents, taking the country over.

Senator GOODING. Is that in Boston?

Mr. TAYLOR. Texas. I haven't the prices for Boston. It should sell for more in Boston than in Texas. You have to take into consideration the freight rates.

Mr. George B. Emery, who is buyer for the Goodall worsted people, when I visited him in August told me he was offered Cape mohair laid down in Boston for 26 cents a pound. That meant that these people over there in Turkey and South Africa were willing to pay a duty of 15 cents a pound, pay the freight charges of 5 or 6 cents a pound, and sell that mohair for 26 cents. Thus, if it were not for the duty on this mohair these people would be willing to sell that mohair at 5 and 6 cents a pound and let it be shipped over here in competition with our American product.

Senator McLEAN. How valuable are the carcasses for food products?

Mr. TAYLOR. They are now bringing only about 2 cents per pound on the market.

Senator McLEAN. That is on the foot?

Mr. TAYLOR. On foot; yes, sir. I do not know what per cent they dress. They bring now only 2 cents a pound on the average on the market. They are very low. Very few goats have been shipped this season.

Senator LA FOLLETTE. How do they run in weight?

Mr. TAYLOR. A wether will weigh, at 3 years of age, 76 to 80 pounds.

The hair on a goat up to 3 years of age constitutes about 50 per cent of the commercial value of the animal.

Commodities competing with mohair are camel's hair, alpaca, vicuna, llama, guanco, horse hair (South American classification), and Chinese human hair.

If the mohair industry of America can receive the proper protection which we believe is justly due it, it will reclaim more arid land in the West and waste lands of the East, build more homes, educate more children, than any irrigation enterprise that has ever been launched in the United States. Every State in the Union, as well as Alaska, is now raising mohair and reports satisfactory results.

Senator McLEAN. How are they wintered in the States where they have a fall of snow?

Mr. TAYLOR. Why, they winter them practically the same as they do sheep. Where the snow is heavy they protect them with sheds just as they do the other animals.

Senator DILLINGHAM. What is the character of the food?

Mr. TAYLOR. Hay and any food that is good for any other live stock. Any food that is good for the other live stock is good for the goats—hay, corn, oats.

Senator McLEAN. Don't they destroy the brush?

Mr. TAYLOR. You can put them on so that they will. You can put them on the land so many that they will destroy it; but when you have them on there as they should be they will be a benefit to it.

Senator McLEAN. How many goats can you keep to the acre without having them gnaw the bark and destroy the sap of the trees?

Mr. TAYLOR. One to 2 or 3 acres. That depends, of course, on the amount of brush that you have on the land. Of course, the thicker the brush the more the land will carry. There are certain trees that the goats will bark anyway.

Senator DILLINGHAM. Will they consume ferns in big pastures where the ferns grow in what the farmers call brakes? Will the goats eat those?

Mr. TAYLOR. No, sir. If I understand what you mean, I will say that the State of Oregon has a boundless number of those ferns that grow up there. They are really detrimental to the goats; they are injurious. For instance, they carry so much water that the goats, in passing through, injure the fleece. I have seen fleece that would break on account of being constantly in these wet ferns where the brush overhead was so thick there was not much sunlight. It would be wet for days and days constantly. The ferns are a hindrance to the mohair grower.

Senator DILLINGHAM. They will not eat them?

Mr. TAYLOR. No, sir; I do not think they will.

Senator MCLEAN. They browse like the deer.

Mr. TAYLOR. They seldom ever eat grass.

Senator MCLEAN. Why will they not winter like the deer without being confined, if they roam around?

Mr. TAYLOR. They can winter in any place a deer can winter, but a man is supposed, if he cares for his animal, to take better care of it than the deer gets running wild, because that fleece figures in the revenue.

Senator MCLEAN. The deer will fare better at liberty than if confined?

Mr. TAYLOR. The deer is naturally a wild animal. If you will put goats, like you would deer, with about a million acres to run over, you will find the goat just as happy as the deer every time.

It is perfectly apparent that once the mohair industry is destroyed in this country that it can never be reestablished, owing to the Turkish and South African prohibitory governmental decrees.

Gentlemen, I will emphasize to you that if those people could now obtain a monopoly on the mohair industry, or if they could cause the mohair industry in this country to be put on a trade basis, so they could control it, they would hold it. But they have allowed the American goat to get ahead of them, and we have made progress during the time we have been handling the Angora goat, and we wish to stay in the business, and there is only one thing that can defeat and keep us from forging to the front, and that would be to put a duty so low that we can not raise it at a profit.

Senator MCCUMBER. It is not really necessary to import the Turkish and South African goats, is it?

Mr. TAYLOR. It is not. But we are American people and like to go forward. We would like to have some new blood. We have had to infuse so much American blood in flocks that we thought it would be very acceptable if we could get some fresh blood from that country. However, we have got our mohair up to a state of perfection where it is now equal to the Turkish and South African products.

Senator MCCUMBER. You import now about one-half of the mohair that is used?

Mr. TAYLOR. The importations are about equal to one and a half times the native American production.

Senator MCCUMBER. I have the statistics for 1919, and they would indicate about the same, according to the Tariff Commission's report. They say that in 1919 our output was about 6,000,000 pounds, and I notice in 1919 the importations were 6,123,123 pounds, so they were very nearly the same that year. And it has been increasing since

1919, has it? I refer, of course, to the importations. This is the last that we have.

Mr. TAYLOR. I got my information which I have here about the importations of that 9,000,000 and that 8,000,000 from the Summary of Tariff Information for 1920, paragraph 304, page 75; that is where I got the information which I have just given you.

Senator McCUMBER. I think you will find that this includes alpaca as well as mohair.

Mr. TAYLOR. Possibly it does; I will not say about that. But addressing my remarks to what you say about your statistics showing that the importations would equal our native production, I think that only a few years back that it did not.

I now wish to call the committee's attention to the discrimination made by the Governments of the mohair-raising countries of the eastern world against that of the United States industry, namely, by the Governments of Turkey and South Africa. Turkey and then South Africa put, first, an almost prohibitory duty on exports of male or female Angora goats, and finding that even with a tax of $500 per animal some were even then exported from these countries for breeding purposes, they thereupon issued a proclamation to the effect that no Angora goats should be exported from these countries. In Turkey a violation of the decrees of law is punished by death. We do not ask that our Government retaliate against these foreign Governments for this discrimination against us, but we do ask why should our Government, in view of this discrimination, propose a duty so low as to destroy our industry and at the same time give it over to the Governments of Turkey and South Africa? If they could once more get the mohair industry back into their possession they certainly would hold on to it. Once we are driven out of this industry, it would give those Governments which have discriminated against us by such unreasonable prohibitory decrees on the importation of breeding animals an entire monopoly on the industry, and the growers in these foreign countries would have accomplished the results which they desired and which they aimed at when they issued these prohibitory decrees, namely, driving out all competition and obtaining possession of the entire mohair markets—results which are natural of people of that class that they would put the market up and we would pay the price and at the same time receive no benefits. The industry is becoming more highly competitive yearly, as imports now exceed the native production by about one and one-half times.

Gentlemen, if I have erred in giving these facts and figures my aim is to try to be reasonable, and try to get the facts out of this thing, because I would rather lose the cause I represent than to make false statements about it; and if I have erred in this it has been from the head and not from the heart.

In past years the mohair market was controlled by fads and fancy, but mohair has now become a stabilized product and is looked upon when the season arrives for it the same as wool is when the season arrives for woolen goods, therefore, it has taken its place in the commercial world as a commercial product and it no longer moves by fad and fancy. When springtime arrives all classes, men, women, and children, begin to look for the summer wear of mohair, and it is only a short time when it is going to replace practically

everything else in the way of summer wear, because it is the coolest, most sanitary article that is put upon the market.

Furthermore, we sell all our mohair to weavers and spinners in the United States, and I wish to emphasize just here that I wish these great industries to receive the proper protection that is due them that they may continue in their most needful pursuits, for we are wholly dependent upon American manufacturers for a market. Will this great Government hand over the goat-raising industry to a Government monopoly? I surely think not. We are asking for a specific duty of 33 cents per pound, scoured basis, as we feel it will come nearer giving just equality to the industry. The ad valorem duty, we think, is socially wrong. Reason: When mohair is cheap and we need protection it does not afford the necessary protection. It lets in the cheap and undesirable stuff to continue to depress our market, and when mohair is high and a tariff not so badly needed it has a tendency to keep out the better grades, for which there is a constant and ever-growing demand. Therefore, we think that a specific duty is the most adequate means of serving the grower and the manufacturer.

Senator McCumber. Mr. Taylor, would you mind stating just what it cost the American producer to produce a pound of mohair—actual cost?

Mr. Taylor. The actual cost, as close as I can figure it, in New Mexico is about 30 to 32 cents now. In California, in Oregon, and in those regions farther north, from the information I have received from those people, it will cost something like 35 to 37 cents. They pay more for their herders there than we pay.

Senator McCumber. In Texas, where you lived for many years, what does it cost to produce a pound of mohair wool?

Mr. Taylor. From 30 to 32 cents a pound—that is, actual cost to produce a pound of mohair—and we feel like we are entitled to more than the actual cost of production, and we must have, of course, more than actual cost of production or this industry is bound to go down.

Senator McLean. It costs more to raise mohair than it does wool?

Mr. Taylor. We do not get as many pounds from the animal and our expenses are comparatively the same. It requires the same attendance to care for the goat as it does for the sheep. Therefore, you know it costs more per pound to produce mohair than it does wool.

Senator McLean. And the meat is not worth as much?

Mr. Taylor. No; the meat does not bring as much per pound.

Senator McLean. Is it expensive to provide fencing for these animals or are they easily confined?

Mr. Taylor. They are very easily confined. Any fence that will control sheep, hogs, and things of that kind, will control goats. The Angora goat is not a breachy animal.

Senator McCumber. You have stated that you prefer a specific duty. Have you given the duties that you ask for in your brief?

Mr. Taylor. Yes, sir; I shall. We want 33 cents scoured content, specific duty.

The difference in labor cost here and abroad I have not been able to get any statistics upon, but I will give it to you as obtained from private correspondence. They are paying $13.50 per month in South

Africa for herders, while we are paying $35 to $45 per month for our herders.

They have a mode of transportation in part of that country over there, as Mr. Emery gave it to me when I was in Boston, which was that they hire those people back in those hills to transport this mohair on their backs and they pay them at a rate that amounts to about 5 cents per day, American money, and whenever one of those men gets in there with his little burden, as Mr. Emery put it to me, and he gets 15 or 20 cents a head, he goes on strike for 3 or 4 or 5 days and does not work any more. That is just the information that was given to me.

Gentlemen, I hope you will consider this. I feel like this is one of the most needed industries, one of the most beneficial industries, that we have got in this country.

Senator McLEAN. If there is more money in the mutton and wool, why is it this industry is more beneficial than sheep?

Mr. TAYLOR. How is that?

Senator McLEAN. If there is more money in the mutton and wool and sheep than in mohair and your goat flesh, why do you want to supplant the sheep industry with this industry?

Mr. TAYLOR. We do not want to supplant the sheep industry. This is an industry that does not affect the sheep industry.

Senator McLEAN. It occupies the same territory that you would naturally raise sheep upon, does it not?

Mr. TAYLOR. Yes, sir. But the difference is this: The sheep never look up to get a bite of feed, and the goat will not look down and get anything that is below. [Laughter.]

Senator McLEAN. Can you raise them together?

Mr. TAYLOR. Absolutely.

Senator McLEAN. Do they flock together?

Mr. TAYLOR. Yes, sir. And where you have got brush on your range, if you are running sheep and not running the goats you are making a financial mistake.

Senator McLEAN. They do not compete, but they combine?

Mr. TAYLOR. They combine; they work in perfect harmony, one with the other, because the goat will not look down for feed and the sheep will not look up for it.

Senator McLEAN. Do they have sheep on the ranches with the goats?

Mr. TAYLOR. Yes, sir; in many places the most successful ranches in Texas are running sheep with the goats. We have ranches in Texas up in the plains country where they have no brush and few weeds. There they do not have any goats.

Senator McLEAN. Then why can you not consider the goat as a by-product?

Mr. TAYLOR. Then, let us go back a little further and consider that the goat is about as good a revenue producer as the cow and sheep, and consider the sheep a by-product of the Angora goat?

Senator McLEAN. I am seeking information.

Mr. TAYLOR. Let your sheep be considered as a by-product.

Senator McLEAN. I am not asking these questions in the spirit of opposition.

Mr. TAYLOR. I understand that. Let the sheep or cow be a by-product of the goats, because the goat is the utilizer of something the

cow and sheep will not utilize, and which is an absolute waste, and which will not be utilized by any other animal except the goat. So I do not see why you want to class the goat as a by-product when it should be classed as a partner of these other animals.

Senator McLEAN. If he improves the pasture for the sheep, it would seem that the percentage of the goats that you have are adding to the value of your product just so much more than you would naturally get from the sheep, and consequently there would be a profit in the goat which you would not ordinarily have.

Mr. TAYLOR. Indeed, that is true, because he uses, you might say, the waste product—what has been construed as waste. The leaves fall from the bushes and pack on the ground, and the goat consumes these products, and consequently I do not know whether you could place him as a by-product or not. Possibly you could construe him as a by-product; but, however, he will take his place with the other commercial animals in the way of revenue and, furthermore, be a benefit to the range where you have got quantities of brush.

Senator McLEAN. He would be a pretty cheap fertilizer for the sheep ranges if he brings them up.

Mr. TAYLOR. Yes; he redeems the range.

Senator McLEAN. And I suppose that is the use you make of him largely, because, according to your statement, there is not very much profit in the goat alone.

Mr. TAYLOR. We manage to make a living out of them, you know, and to go out and take up claims and reclaim the desert land; and where he is fixed with sheep, then he produces a good revenue—that is, where the two are combined.

CLOTH AND CLOTHING.

[Paragraphs 1109, 1116, and 1678.]

STATEMENT OF E. H. SNYDER, WASHINGTON, D. C., REPRESENTING THE NATIONAL ASSOCIATION OF MERCHANT TAILORS OF AMERICA.

The National Association of Merchant Tailors of America as patriotic citizens shall support the act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes, as per House bill 7456, but respectfully request that some clauses which are detrimental to the interests of our craft and others which are not revenue producers can be modified.

Primarily we are opposed to the application of the so-called American-valuation plan, as its enactment would throw American commerce and business in general into a chaotic condition, and take the bill from the revenue-productive class, owing to the minimizing of importations. Furthermore, the adoption of the American-valuation plan would make the collection of duties so burdensome as to require doubling or tripling the force of examiners and appraisers.

Again, as a measure of political economy, particularly in view of our trade connections with foreign countries, it would prove disastrous, as it would dislocate our financial equilibrium and render impotent our nation clauses.

In conclusion, the adoption of the American-valuation plan would controvert the Herculean efforts now being made, in response to the overwhelming demand of the public, toward normalcy in the cost of living and production.

In re paragraphs 1109 and 1116, we would respectfully call the attention of the chairman and members of the Senate Finance Committee to a serious discrepancy as to the proposed duties to be imposed upon woven fabrics—cloth, our raw material, speaking from our manufacturing standpoint—and clothing, the finished product of our industry. When it is considered that the difference in the cost of labor here and in England, as applied to the making of clothing, is as

three to one, it is apparent that the duties proposed on finished clothing, as per paragraph 1116, are wholly inadequate, the additional duty on clothing in relation to woolens amounting only to 2½ per cent ad valorem.

In view of the figures given, which have been gathered after full investigation and which are subject to proof, it would appear to be superfluous to dwell at length on the subject of the inadequacy of the ad valorem duty as proposed in article 1116. To establish a part of the equilibrium as to American and English labor costs our organization is of the opinion that the closing part of paragraph 1116, line 13, should read "50 per centum ad valorem."

In conclusion, we are diametrically opposed to the proposed raising of the free list up to $250, as per paragraph 1678, lines 11 to 15, inclusive. The reasons to be cited against this letting down of the bars are innumerable.

In the past the enactment of such class legislation has proved a decided restraint to American business and we should feel loath to see a repetition of same now. The result would be unsalutary, politically and economically.

PILE FABRICS.

[Paragraph 1111.]

STATEMENT OF WILLIAM L. WEMPLE, REPRESENTING STROOCK PLUSH CO. AND OTHER PILE FABRIC MANUFACTURERS.

Mr. WEMPLE. Mr. Chairman, I desire to file a short memorandum in respect to paragraph 1111.

Senator McCUMBER. That may go in the record at this point.

(The document referred to is as follows:)

The manufacturers of pile fabrics earnestly recommend that paragraph 1111 of House bill 7456 be amended to read as follows:

"1111. Pile fabrics, cut or uncut, whether or not the pile covers the whole surface, and of which the pile is composed either wholly or in part of wool, and manufactures in any form made or cut from such fabrics, 36 cents per pound and 33⅓ per cent ad valorem; if the pile is composed wholly or in part of animal fibers other than wool as defined in this schedule, 40 per centum ad valorem."

1. The merchandise to which your consideration is invited is a pile fabric made with a cotton warp and with a weft of wool and/or hair. The pile is raised after the cloth has been manufactured, by means of gigging or teaseling. By this operation there is produced upon the surface of the fabric a variety of effects, giving the fabric the appearance of certain sorts of furs, and rendering them desirable for cloaks, gloves, automobile and lap robes, and wearing apparel and generally in situations where imitation furs can be used. This cloth has variously been known as cattle-hair robes, plush cloaking, sealskins, seals, and plush.

2. In H. R. 7456 this merchandise is neither specifically or specially enumerated or classified. This was also the situation under previous tariff acts, and it is submitted that since it is in the luxury class it ought to be particularly described so that the rate of duty will be placed beyond question.

The act of 1913 contains three provisions which might have been applicable to a fabric of this character, but the precise classification of the fabric under that act was never determined, because the World War created a substantial embargo on its importation.

For example, paragraph 288 of the act of 1913 provided: "Cloth in chief value of horse or cattle hair; plush, velvet, and all other pile fabrics, cut or uncut, woven or knit, in chief value of wool."

Paragraph 309 of the act of 1913 read: "All pile fabrics, cut or uncut, woven or knit, whole or in part of angora, alpaca, and other like fibers."

Under the act of 1913, therefore, it is clear that but for war conditions there would have been extensive litigation to find out under which of the provisions this fabric could be classified for the lowest rate of duty.

It is owing to the fact that this fabric has never been uniquely described in any tariff act that it has been constantly the subject of dispute concerning the rate of duty.

3. In order to introduce certainty regarding this fabric into the coming act it is respectfully suggested to the committee that paragraph 1111 as it appears in the present draft of the act have added to it the words "if the pile is com-

posed wholly or in part of animal fibers other than wool as defined in this schedule, 40 per centum ad valorem."

This proposed language will correctly describe and provide for the product such as the undersigned manufacture.

Under the decision in Knauth, Nachod & Kuhne *v.* United States, reported in Sixth Customs Appeals, page 128, the phrase "pile fabrics, cut or uncut," is held to include napped fabrics where the nap is raised by teaseling; and this is a teaseled fabric.

The addition quoted is made necessary on this account: While manufacturers in the United States have always found it necessary to mix the long fibers of wool with hair in order to spin it, foreign makers have claimed that they can and do spin the hair for the weft of this fabric without the use of any wool; and whether this is true or not can not be determined by any examination of the fabric after it has gone through the manufacturing process, because that process destroys the distinguishing characteristics of the hair and wool.

It is obvious, therefore, that the subject must not be left in doubt or uncertainty or permitted to be dependent upon the probity of the foreign producer and thus relegated to future judicial construction for the determination of its proper classification.

This merchandise is used substantially for all purposes for which furs are used—that is to say, for cloaks, gloves, or automobile robes, wearing apparel, etc. It is distinctly a luxury and is, therefore, properly subject to a duty which will produce revenue as well as protect home manufacture. Both the domestic and the imported merchandise of this character are made in the same manner upon the same character of machines of hair, wool, and vegetable fiber in varying proportions. The domestic manufacturers are compelled to purchase in foreign markets some of the ingredients of the goods, because they are not produced in the domestic market, and such ingredients are dutiable. The labor costs of this country are tremendously higher than those of foreign countries, and it follows that unless the domestic manufacturer be protected in capital and labor foreign competition will be insurmountable.

It is obvious that in the production of this fabric materials which might be termed waste are by expert manipulation converted into a useful and beautiful product, and the cost of the finished article lies not in materials consumed but in labor and skill expended upon those materials; hence any protection given to this product is to a greater extent than usual a protection to American workmen.

4. The domestic merchandise and the imported merchandise are used for the same purposes and are manufactured in an identical manner and have the same qualities, and because the cost entering into the manufacture of the domestic merchandise is unquestionably and undeniably higher than that entering into the manufacture of the imported goods, and because the imported ingredients are not obtainable on the same basis that the foreign manufacturer may acquire them, and because no mechanical or chemical or scientific process is known which will accurately determine and segregate the component parts of the manufactured articles, and because the foreign manufacturers have sought and are now seeking to export to this country the merchandise in question under a rate of duty that will not permit the domestic manufacturer to compete with the foreign manufacturer, and because of the previously existing confusion as to the classification or enumeration of the merchandise in question, and because the uses to which this fabric is put are such that it can afford to pay a substantial tax to the Government, it is respectfully requested that the solution herein suggested be adopted, and thus the rights of domestic capital and industry and of the revenues safeguarded and protected.

Stroock Plush Co., Joseph Stroock, vice president; Shelton Looms; Sidney Blumenthal & Co. (Inc.), Sidney Blumenthal, president; The Salts Textile Mfg. Co., Fredk. E. Kip, president; The Tingue Mfg. Co., Howard Tingue, president; Collins & Aikman Co., W. G. McCullough, secretary; The Mianus Mfg. Co., F. A. Springer, agent; Sanford Mills, Frank Hopewell, president; Holyoke Plush Co., Frank Hopewell, treasurer; Massachusetts Mohair Plush Co., Randall B. Houghton, treasurer.

KNITTED OUTERWEAR.

[Paragraph 1115.]

STATEMENT OF JOHN J. PHOENIX, REPRESENTING THE NATIONAL KNITTED OUTERWEAR ASSOCIATION, NEW YORK CITY.

The CHAIRMAN. Where do you reside, Mr. Phoenix?

Mr. PHOENIX. In Wisconsin.

The CHAIRMAN. Where is your place of business?

Mr. PHOENIX. I represent the National Knitted Outerwear Manufacturers' Association, of 321 Broadway, New York.

The CHAIRMAN. How many members are there of that association?

Mr. PHOENIX. It is divided into several regional associations. The aggregate membership is covered by the entire national association, and I think we have perhaps 400 out of more than 1,000 manufacturers in the industry.

The CHAIRMAN. How many men are employed in the industry?

Mr. PHOENIX. Last year there were about 57,000; there are somewhat less this year, due to the conditions.

The CHAIRMAN. Will you proceed to state to the committee briefly just what you have in mind in connection with your product?

Mr. PHOENIX. We have a brief to submit, but before doing so we would like the privilege of explaining concisely our position, first, on the matter of American valuation. Our industry, after careful and thoughtful consideration of the basis of levy of rates, feel that section 402, an administrative paragraph eliminating foreign valuation and substituting therefor American valuation, is fundamentally sound, and the only present basis of levying duties that will in any way protect American industry.

We have in this industry about a thousand manufacturers, small and large. They have developed in 20 years a business that has a volume of about $280,000,000. Their chief sources of competition lie in Central Europe—Germany, Czechoslovakia, Austria—where the major portion of the knitted goods of the world's supply are made. In America the factories are highly organized, largely equipped with machines similar to those, and many of them being actually made, in Germany. We have, therefore, the same machinery equipment in a large degree as the foreign competitors.

We have an average at the present time of about 40 cents per hour in our industry. The foreign wages are at the maximum in these foreign countries—Germany, Austria, Czechoslovakia—of 4 cents per hour. The average rate of pay for skilled employees working with the same machines that we have is probably less than 3 cents per hour, American currency. This product comes into direct competition——

Senator MCCUMBER (interposing). At what percentage do you figure the present mark, 1.25 or——

Mr. PHOENIX (interposing). We figure it on 0.6 cent, and we get the foreign wage rates from a publication by the Government Tariff Board—"Tariff Information, Wages in the United States and Foreign Countries."

Senator LA FOLLETTE. Is that since we began these hearings? The mark is gone down so much that while in the first part of the hearings the witnesses estimated at 1.6, they have now got down to a little more than a half cent.

Mr. PHOENIX. The present wage rate paid in Germany, the mill being owned and operated by the father and brother of our manufacturing superintendent, was given to us within a month as 4½ marks for skilled female labor and 6 marks for skilled male labor. That means 2¼ cents and 3 cents per hour. This factory produces goods identical with ours, made, if you please, under the supervision of a single family.

It is hardly necessary for me to take your time to discuss other elements of American valuation, but I wish to call your attention to this fact: Labor rests its case in the hands of Congress, and its case is just as serious as is the case of agriculture. According to Government statement, the average earning power of the farmer to-day is approximately 69 per cent of the five-year prewar average ending December 31, 1913.

According to the Wisconsin Industrial Commission's report covering October of this year, the earning power of Wisconsin industrial labor was 48 per cent of the earning power of August, 1920.

There are 319,000 people engaged in the industry in Wisconsin. They constitute a larger portion of the population than the agriculturists. If the agricultural earning power is 69 per cent, the industrial wage earner is in as serious a relative position. The farmer of the United States can eat his crop and exist, but the wage earner, if his job is taken away from him by the switching of orders for merchandise that he is trained to make and send abroad, loses his earning power, his meal ticket, and his rent money.

Senator MCLEAN. How many individuals did you say were employed in this industry?

Mr. PHOENIX. The general industrial labor in Wisconsin amounted to 319,000 persons, according to the census returns of 1920.

Roughly speaking, in the knit-goods industry as a whole, in Milwaukee there are perhaps between 8,000 and 10,000 people. and in the State I should judge as many more.

Senator MCCUMBER. I do not think your figures agree with those of the report of the Joint Commission on Agriculture Inquiry, which has just been reported to the Senate, in which they say:

> Measured in terms of purchasing power, the farmer's dollar in 1920 was worth 89 cents; in May, 1921, it was worth 77 cents. During the past 12 months it has been worth less than in any preceding 12 months in 30 years.

Mr. PHOENIX. My statement of the earning power or the spending power of the agricultural producer as 69 per cent of the prewar was based on a telegram from Washington, reporting a conversation, I believe, with the Secretary of Agriculture.

Last Monday in the New York papers there was an additional comment by the Secretary of Agriculture in which he stated that the major grain crops of the farmers averaged about 50 per cent of the prewar average.

This switching of orders from American mills to foreign mills is going on in an increasing degree. The situation is brought about by the fact that not only can labor in England be bought at very much less rate than in America, and also in France, but in Germany, Austria, and Czeckoslovakia the wages are almost nothing. The economics of the situation I can not dwell on, but the fact remains that that product is coming into this country in a rising tide and displacing American labor in American factories.

I would call your attention, in support of that statement, to two facts: One of the largest distributors of gloves in the United States sent to his trade a few days ago a printed announcement that following the close of this business year they would discontinue the sale of American-made woolen gloves, confining their activities hereafter to a Scotch line of woolen gloves, woolen knicker hose, woolen motor wraps, and silk knitted scarfs.

A further fact in support of the contention that orders are being rapidly transferred to Europe lies in the fact that we produce in America and sell to the jobbing trade a considerable quantity of woolen gloves and mittens, and in the course of our business we have solicited our largest customer dealing in ladies' goods. On the day that we were to show our line at this jobber's house we were informed that they had just received a cable from England not to buy any sports gauntlet gloves, as the buyer abroad had made extensive purchases over there.

The impending disorganization of the knit-goods business is in fact upon us, and we are feeling it in every branch of our business.

Senator LA FOLLETTE. Have you quoted the reports of the importations for the last quarter?

Mr. PHOENIX. No, sir. As to the propaganda against American valuation, I want to call your attention, gentlemen, to the unreliable nature of this propaganda, the purpose of which is to invite retailers and consumers throughout the country to make personal appeals against the American-valuation plan, and I present for your consideration here two bulletins from Wisconsin, copies of which were sent to all of the retail dealers in the State, and with your forbearance I would like to read the shorter one [reading]:

Attention, Wisconsin Retail Dry Goods Association, Wisconsin Retail Show Dealers' Association, Wisconsin Clothiers Association.

This message is important to you and the entire retail merchandising trade.

Will you please wire or write a short message to your Representative in the United States Senate, immediately upon receipt of this letter, and ask him to please work and vote against section 402 of House bill 7456, known as the Fordney tariff measure?

Section 402 is generally known as the American-valuation plan.

This section, if passed, will cause a boost in retail prices of from 50 per cent to over 600 per cent. It affects all merchandising.

Therefore, please wire or write Hon. Robert M. La Follete and Hon. Irvine L. Lenroot, urging them to oppose section 402 of the Fordney tariff act.

WISCONSIN RETAILERS' FEDERATION.
OSCAR H. MORRIS, *Secretary*.

P. S.—This bill has been passed in Congress, and should be stopped in the Senate. Get busy.

There is an added message from the Wisconsin Retail Dry Goods Association over the signatures of its secretary and business manager to the same effect.

I submit, gentlemen, that the opposition to the American valuation based upon such absolutely unfounded statements is not worthy of your consideration.

Those who are against this American-valuation plan are the bankers with foreign credits, the importers, and the misguided retailers and others in this country. If the frozen credits are to be thawed out and paid to the American bankers at the expense of American labor, I submit that it is better for us as a nation to continue to carry those frozen credits until in the stabilization of world conditions our debtors can pay.

The American importer has found in the foreign-valuation tariff a most fertile field for undue profits. The difficulty in adjusting economic conditions in the United States is largely due to the delay in the liquidation on the part of the various sections of producing, converting, distributing, and retailing, and if it is desirable I would suggest that the importers and the importing retailers who are opposing American valuation so strenuously be requested to produce their books showing the gross and net profit that they make on foreign merchandise and a like comparison with the profits that they make on domestic merchandise. I believe that the results will be illuminating.

As to the question of the farmer, we must care for him; we must protect him. In the distress that he found himself early this year, he appealed to Congress and was accorded the emergency tariff protection. At that time wool raised in Wisconsin was selling on the average at less than 20 cents per pound, approximately 45 cents scoured basis. You accorded him a protection equivalent to 100 per cent of his producing cost, which was proper and right. The full measure of the benefits accruing therefrom has not as yet been felt by him, due to the weight of wool on hand. But generally there has been a very definite appreciation in the market price on wool throughout the country, and that appreciation is continuing and will continue to his benefit and I believe to the benefit of the Nation as a whole.

Industrial labor is in a relative situation with agricultural labor. Industrial labor is suffering, and it appeals to you for like protection, not perhaps in degree, but like protection.

If you would care for it, I would be very pleased to submit for the record a further and somewhat extensive analysis of the claims made by importers as to the difference in duties effected by the American-valuation plan. If not, I will pass from that. But before passing I would like to call your attention once more to the woolen-glove proposition. A statement was printed in the last issue of the Nation's Business, over the signature of the president of the largest importing concern in the textile trade. The article is headed "American valuation? No." He says:

The increase in duties levied under the Fordney bill are indicated by the following—

I will give you one illustration; I could give you hundreds.

Wool gloves: Present duty, $1.83 per dozen; duty under the bill, $3.54 per dozen.

I have worked out the analysis of that statement, based upon the present rates in the Fordney bill, since his analysis was made on the same rates. I find that under his statement the foreign cost of the glove he has in mind must be $3.30 per dozen. Subtracting from $1.83, 51 cents as a specific duty on the weight contents as provided under the emergency law gives us $1.32 as the ad valorem rate under the present law. Therefore, as this is 30 per cent of the foreign cost of these gloves, they must have been bought on the other side at not more than $3.30 per dozen. The new rate, $3.54, analyzed on the basis of the cost of the specific duty and the ad valorem equivalents, brings this glove as having an American valuation of $10.40.

Now let us give a cross analysis: The foreign value of the glove as stated in this article is $3.30. Add thereto the claimed Fordney tariff rate of $3.54, you have an import possibility based on $6.84

per dozen. Whereas, calculating on the American cost basis of the figures given, shows that this glove would have an American valuation of $10.40 a dozen.

I submit, gentlemen, that figures that will not hang together any better than that are not very sound, for no jobber, no retailer would pay $10.40 for that glove when paying the Fordney rates under the American valuation, buying the glove abroad, he could import that glove for $6.84 a dozen, a difference of $3.56 per dozen.

If the glove in question has not been the one that was in mind, any analysis of rates on varying weight of glove would produce a relative showing.

This industry has gone on record unanimously favoring the American valuation as the administrative section of the bill. If we do not have that, even though you give us high rates, we will not have adequate protection, and without fair protection we can not have employment and the farmers can not have a full and fair market within the United States, which heretofore has consumed approximately 80 to 90 per cent of the total farm products.

As to our industry, we have as our raw material dyed yarn. Whatever rate of duty you see fit to apply to wool-tops yarn, in the different stages of manufacture, will be satisfactory to us. We believe that American industry should be fairly dealt with.

Senator SMOOT. Do you make cotton goods as well as woolen goods?

Mr. PHOENIX. Very, very little cotton stuff; practically none. I am not representing the cotton end of the industry as such, although in a general way we have covered that by a brief which was submitted before the Ways and Means Committee. Our industry is very largely concerned with products of wool and fiber silk. There are vast numbers of cotton-made sweaters in the Mohawk Valley and the Hudson River Valley in New York State. These are the goods that are sold at from 75 cents to $2 apiece. They are covered under one of the cotton schedules on knitted underwear, if I recall.

Senator SMOOT. I wanted to know what you are specifically interested in so I could look up the importations and see what they were.

Mr. PHOENIX. As dyed yarn is our raw material, we are subject to the American market, and I submit to you that within a few days we have had cable quotations on worsted yarn from Germany from 250 marks per kilo, for quick figuring at a half cent a mark. That gives us 55 cents per pound for the worsted yarn used in our industry. In the United States that yarn can not be obtained for less than twice that amount. Therefore, our industry starts with its raw material at more than twice the cost of our competitors in the countries of largest production.

Our labor to-day is quite largely liquidated. It averages about 40 cents per hour. The female labor, I would judge, averaged about 33 cents per hour. We can not go lower than that; and we do not want to go lower than that.

Senator MCLEAN. How does that compare with prewar wages?

Mr. PHOENIX. We have in Wisconsin and many other States minimum-wage laws governing female labor. The minimum rate in Wisconsin is 25 cents for skilled operators. That means that we have to pay 5 cents for a beginner, and run our chances of making that beginner into a skilled operator.

In 1913 we appeared before a subcommittee of the Senate Finance Committee and presented figures giving the average rates of pay in this industry in Germany and in the United States. At that time the average skilled male operator was earning from $18 to $24 per week, and the female operators were earning, as I recall, from $7 to $12 per week, whereas a German laborer was receiving from less than one-half to one-third the rates that we were paying them.

Senator CURTIS. That was in 1913?

Mr. PHOENIX. Yes, sir.

Senator LA FOLLETTE. Will you file with the committee a statement of the wages paid in 1913, by classes, to your employees?

Mr. PHOENIX. Yes, sir.

Senator LA FOLLETTE. And also the wages paid by classes in your industry for each year thereafter down to and including the last year?

Mr. PHOENIX. I will be glad to do that.

Senator LA FOLLETTE. Also the salaries paid to your officials.

Mr. PHOENIX. The figures——

Senator LA FOLLETTE (interposing). I would like to have you do that promptly, so that it can appear in the record.

Mr. PHOENIX. Yes, sir.

Mr. PHOENIX. The figures in the brief presented in 1914 as to the German wages per week are, finishers and winders, female, $2 to $4 per week; apprentices from nothing to $2 per week; the knitted helper, male, $3 to $5 per week; the experienced knitter, male, $6 to $10 per week.

The best figures that we can obtain covering the general wage situation in the countries of largest foreign production in our industry are set forth in page 53 of the Tariff Information pamphlet entitled "Wages in the United States and Foreign Countries," and by reference to that data you will find that the Government has stated that the basic-rate wage in the German textile industries, on American currency basis, ran from $1.47 to $4.11 per week.

So much for the basic elements in our manufacturing problem.

We have in addition to that to make our own fabrics. We can not buy in the market knitted fabric ready for our purpose. We have to knit our fabric in a complete manufacturing unit; and by reason of the peculiarities of a knitting machine as to the number of needles per inch and as to the type of construction of that machine we are limited in production to the particular types of fabric that each machine is designed to produce. Therefore, we have to have in operation for maximum production a large assortment of machines for different sizes of garments. A certain machine is designed to make a tube of a certain size, 34 or 35, the next 36 or 38, the next size 40 or 42. It is necessary for us to have all of these sizes in order to get an average production-size requirement.

After we have made our cloth, then we have to cut and finish that garment—we have to tailor it, in other words.

Aside from the few staples in our industry, the vast majority of our production is in style of garments. We have to have a very wide variety; and we have to change our styles from two to four times a year. We have to show them in a very wide and constantly changing assortment of colors. I think that the first-class manufacturing plant will have as many as 40 shades in its stock at a time. It is necessary to have an assortment to cover the style desires of the

various sections of the United States which are supplied by the industry.

Senator SMOOT. Can you tell me what is the production in America of woolen knit goods?

Mr. PHŒNIX. The total production of our industry?

Senator SMOOT. I mean, not yours but of all the manufacturers in the industry in the United States—the total valuation of the knit goods manufactured.

Mr. PHŒNIX. I am unable to give you those figures.

Senator SMOOT. What is your estimate?

Mr. PHŒNIX. I have no means of knowing what the hosiery and underwear people manufacture. It would be just an impossible guess, Senator.

Senator SMOOT. What I want to get at is the relative proportion of goods imported into this country compared with the amount manufactured in the United States. I can look it up, however, and ascertain that. But the importations are small. I did not know really why you were so exercised over conditions.

Mr. PHŒNIX. It would be very much in your reaction from the history of the knit-goods trade following the Wilson-Gorman tariff bill enactment. The first year we received very little from the other side under the favorable provisions of that bill for foreign importations. But the year following there was imported almost half—46.3 per cent—of one of the main articles of production and sale of our goods. In other words, within a year and a half after the enactment of that bill, we lost to the foreign mills 53.7 per cent of our business on that particular line.

Senator SMOOT. Knit articles of every name and nature $215,082 for the year 1920; and for the 10 months of the calendar year 1921—that is the last report we have—they amount to $184,893.

Mr. PHŒNIX. I think that the recession in imports in their total is a fairly satisfactory answer to that. The disorganization of the American industry and buying power has prevented any considerable importations up to the present time. The lines are laid, Senator, for an invasion of our markets by foreign producers, the extent of which I would not dare to outline.

Senator MCLEAN. Do you know whether any American manufacturers of knit goods are considering the establishment of factories in low-cost countries?

Mr. PHOENIX. I know, Senator, that there are American manufacturers of knit goods who have been to Germany this year and have imported knit goods in competing lines, and they have found they could handle them on our present market at profits from 50 to 60 per cent.

Senator MCLEAN. We do not import much wheat, but the gentlemen who raise it in the West felt it demanded a very stiff protection on that product.

Mr. PHOENIX. I think one of the largest distributors of gloves has factories in Germany, the Keiser concern. I think that the Van Raalte corporation, which formerly made gloves in this country, is importing gloves and selling them under their Van Raalte brand, but stamped "Made in Germany."

Senator MCLEAN. If the goods made there are comparable to the goods made here, and as useful, and can be sold for half what it cost

to make them here, the chances are they will be purchased abroad. I do not see how you can come to any other conclusion.

Mr. PHOENIX. I doubt if this Congress would like to effectuate your statements. If the premise laid down by you and the conclusions drawn therefrom are sound, then I believe it is fair to say that the American user of wool should be permitted to go into the Buenos Aires market and buy his wool, as the Germans are buying their wool down there. A recent transaction, as recorded in the Daily News Record of yesterday, in a cable dated December 12 from Buenos Aires, stated that the Germans had bought a round lot of wool at 7 cents a pound clear.

The whole scheme of protection is so necessary to the rounded life of the United States of America that it must be maintained, or there must be a readjustment of our entire living fabric of our entire scheme of life. We have something to maintain here that the world needs, and that is the American standard; it is the hope of the world, Senator.

Senator MCLEAN. Take that pair of gloves that you have there; is that made in this country?

Mr. PHOENIX. No, sir.

Senator MCLEAN. That is an imported glove?

Mr. PHOENIX. Yes, sir.

Senator MCLEAN. What does that sell for here?

Mr. PHOENIX. I do not know what it would sell for. I can give you the exact figures on that glove, if you desire; I have my brief here.

Senator MCLEAN. Never mind. Do you make gloves comparable to that?

Mr. PHOENIX. Yes, sir; we can produce that glove here for a little over $5 a dozen. A 50 per cent American valuation tariff rate would protect us on that glove.

Senator MCLEAN. Do you make underwear?

Mr. PHOENIX. No, sir; just the knitted outerwear. Further as to our manufacturing problems: We have to manufacture in small units; we sell in small units, and the production can not be maintained on the scale of underwear or hosiery, where thousands of dozens of a style are turned out. We have to produce a dozen or 15 or 20, or 5 or 10 dozen of a style in a range of sizes and colors. The unit elements in a month making a substantial assortment of knitted goods run into the thousands. Therefore, a very large amount of labor is involved in just the mere handling of the orders.

In our brief, which we are submitting for your consideration, we have a table of rates that we desire to submit for your consideration, and we also have a change in language for the purpose of clarification and definition. We desire that the paragraph shall be perfected so as to read as follows:

PAR. 1115. Outerwear and all other articles, including neckwear, bathing suits, gloves, and mittens, knit or crocheted, wholly or in part, finished or unfinished, made of wool or of which wool is a component part, whether or not constituting chief value, valued at not more than ($2.50) $1.50 per pound, 30 cents per pound and in addition thereto, (28) 35 per cent ad valorem; valued at more than $1.50 per pound and not more than $3 per pound, 36 cents per pound and in addition thereto 42 per cent ad valorem; valued at more than ($2.50) $3 per pound, 36 cents per pound and in addition thereto, (33⅓) 50 per cent ad valorem.

Senator SIMMONS. What would that be?

Mr. PHOENIX. It would be, roughly speaking, from about 40 to perhaps 52 or 53 per cent.

Senator SIMMONS. In addition to the 50 per cent?

Mr. PHOENIX. No, sir; the total ad valorem equivalents of the specific and ad valorem rates would work out from a little over 40 per cent.

Senator SIMMONS. I thought you said in addition to 50 per cent ad valorem. In addition to the specific, you ask for 50 per cent ad valorem.

Mr. PHOENIX. That is on the highest brackets.

Senator SIMMONS. I am talking about the highest brackets, the one you just read. In asking for the new rate you said 36 cents per pound specific and 50 per cent ad valorem.

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. And I was asking you if you reduced that 36 cents specific to an ad valorem equivalent and added 50 per cent, what would be the actual duty?

Mr. PHOENIX. Our merchandise from less than a pound per dozen up to 20, 25, or 30 per dozen——

Senator SIMMONS (interposing). I understand; but you said this had a certain weight, this last item that you read—I do not know how much it was now—and you wanted 36 cents duty specific plus 50 per cent ad valorem. Now, I am asking you as to that particular weight of glove.

Mr. PHOENIX. On the basis of 1 pound and 50 per cent, at $3 value, it would be $1.86.

Senator SIMMONS. Ad valorem?

Mr. PHOENIX. Total ad valorem; yes, sir.

Senator SIMMONS. American valuation?

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. Do you know what it would be upon the foreign valuation?

Mr. PHOENIX. I do not think there is any such thing as stabilized foreign valuation upon which you can generalize. The foreign valuation of English production would vary from that of any other.

Senator SIMMONS. There may be some trouble about it, but ultimately the Treasury Department fixes the foreign prices under the present law; and if these goods are coming in here now I take it the appraisers have fixed the foreign value, and you, being a dealer, ought to know, I should think, what that certain foreign value is. The present law is in application now; it is based upon the foreign value?

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. You are now doing business, I assume?

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. And these goods you claim are now coming in here. I should think you ought to know about what the appraisers value this class of goods at, at the port of entry.

Mr. PHOENIX. I have tabulated in my brief a statement covering one glove item for your consideration.

Senator SIMMONS. You may have a statement covering one glove, but I think the committee, when you are speaking about a number of gloves, have a right to ask you to give your specific information, if

you have it, as to that glove and not the one you have been making the calculation upon.

Mr. PHOENIX. We will be very glad indeed to submit the American costs estimate on any foreign glove that this committee will furnish us with.

Senator SIMMONS. What I am trying to get from you and all I am trying to get from you is this: You have said upon this glove that we are now speaking about the ad valorem would be—if you reduce the specific to its equivalent—$1.86, I believe you said.

Mr. PHOENIX. On the basis of 1 pound weight.

Senator SIMMONS. On the basis of American valuation. I am trying to find out from you if I can—and I think it would be worth something to the committee to know that—what would be the duty on the basis of the present foreign valuation, adapting your figures now of 36 specific, plus 50 ad valorem—what would be the ad valorem on the present foreign valuation?

Mr. PHOENIX. In other words, if I understand you rightly, you wish me to take 50 per cent of the estimated American reproduction cost of the foreign glove, plus 36 cents?

Senator SIMMONS. What I wish you to do is to apply the rate you are now asking the committee to give you to the present foreign valuation and tell the committee if those rates were in operation now what would be the ad valorem.

Senator SMOOT. Senator, take the first bracket. I have it figured out here.

Senator SIMMONS. Pardon me; I would rather have this witness answer it. Then I will be glad to have your figures.

Senator SMOOT. I do not think he can, unless he figures it out.

Senator SIMMONS. All right, if the witness can not figure it. I assumed he was dealing now with these values. But you can put it in the record, if you wish.

Mr. PHOENIX. My friends have helped me out on the arithmetic involved in that and they say that that rate would be about 160 per cent on the present German cost.

The CHAIRMAN. Could you produce for the committee samples of German gloves with a statement of their value and their competitive qualities as against the American product?

Mr. PHOENIX. We can in a limited way. We have a few samples backing up the figures that we have set forth in the table here and we can increase the number of items and the variety, if you so desire.

The CHAIRMAN. Have you got the actual samples?

Mr. PHOENIX. We have the actual samples.

The CHAIRMAN. Could you produce them for the committee?

Mr. PHOENIX. Yes, sir.

The CHAIRMAN. I think it would be of interest to the committee to see some of the samples, at least.

Mr. PHOENIX. I think that covers my statement, unless there is something else that you desire to inquire about.

Senator SIMMONS. You are comparing your gloves, now, with the German gloves. Is that glove made anywhere else except in the United States and Germany?

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. And shipped in from any other country?

Mr. PHOENIX. There are gloves made in Great Britain.

Senator SIMMONS. Do they come here, too?

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. In what proportion are these gloves shipped here by Germany and England?

Mr. PHOENIX. I am unable to tell you as to that.

Senator SIMMONS. Does the British glove sell for more in this market than the German?

Mr. PHOENIX. I could not tell you that. I do not know what the Germans do with their merchandise; I do not know how they price it.

Senator SIMMONS. Have you made any calculation as to the amount of duty that you would want as against Great Britain, compared with Germany?

Mr. PHOENIX. I might say in a general way, Senator, that the imports from Great Britain are largely the finer classes and types of merchandise, so far as our knitted outerwear is concerned. They appeal to a style and to the vanity, if I may be permitted, of the American people. Hence, take the highest-priced, the highest class goods that are imported; it is fair that they should pay more duty than the popular-price stuff that is brought in from Germany.

Senator SIMMONS. If they sell higher, if their quality is higher, and therefore command more money in the market, and we put on an ad valorem, of course, they will be taxed higher.

Mr. PHOENIX. The British gloves and sweaters cost the American importer very much more on the average than the similar goods from the Continent.

Senator SIMMONS. You mean the same quality of goods?

Mr. PHOENIX. No; the same classes, not the same quality.

Senator SIMMONS. You do not expect goods of different qualities to demand the same price. You can only compare goods of one quality with the goods of a like quality, can you not?

Mr. PHOENIX. Yes, sir.

Senator SIMMONS. Do you make any goods of the kind that are imported from Great Britain?

Mr. PHOENIX. Oh, yes; the industry makes quite a lot of merchandise; it covers the entire range of knitted outerwear.

Senator SIMMONS. In other words, you make here in this country all kinds of gloves that are imported from either Germany or Great Britain?

Mr. PHOENIX. We are equipped to manufacture everything that the American market can absorb in the way of knitted outerwear, Senator. But we are not in a position to export our products. We have tried it honestly and fairly. During the war we had a small export business developing. Upon the cessation of the war we have found ourselves absolutely shut out.

Senator SIMMONS. Of course, I would not assume you were in position to manufacture goods for export if it requires 186 per cent protection in order to enable you to do business against European products. I would not suppose you could export to those countries under those circumstances.

Senator MCLEAN. Do you import any of your machines?

Mr. PHOENIX. Yes, sir; a considerable proportion.

Senator MCLEAN. Where are they made?

Mr. PHOENIX. They are made in Germany, very largely; some in Switzerland.

Senator SMOOT. Mr. Phoenix, did I understand you to say that on the German valuation that the rate would be 168 per cent?

Mr. PHOENIX. Those were the figures given to me by one of the members of my party.

Senator SMOOT. I simply want to say that under the wording of this it can not do that on the foreign valuation. The lowest bracket—the highest that it could possibly be—is 30 cents per pound and in addition 28 per cent ad valorem, and the very highest would be 68 on the foreign valuation. So, I simply wanted to say that for the record, as I did not want you to stand in that position of saying that the American valuation would be 168 per cent under your proposition.

Mr. PHOENIX. I thank you, Senator, for the correction.

Senator SIMMONS. But upon the American valuation, would it be 186?

Mr. PHOENIX. That, of course, I can not tell.

Senator SIMMONS. Pardon me just one minute. I was not in the room when you commenced your testimony. Do you claim there is any greater amount of imports of woolen gloves and mittens now?

Mr. PHOENIX. Up to the present time there has not been any great volume, but it is increasing constantly. You can not go into a shop in this town without finding plenty of English-made gloves and socks and fancy sweaters.

BRIEF OF JOHN J. PHOENIX, REPRESENTING THE NATIONAL KNITTED OUTERWEAR ASSOCIATION, NEW YORK CITY.

On behalf of the knitted outerwear industry we respectfully call your attention to particulars in which we believe that paragraph 1115, subdivision 4 of the pending tariff bill affecting this industry, should be corrected by proper amendment in the Senate.

The changes we desire to recommend are: (1) In language, to make the paragraph more definite and certain, and

(2) In rate, based upon American valuation, to protect American labor and capital invested in the industry.

In order that the statements made in this memorandum may be perfectly clear, we here rewrite subdivision 4 of paragraph 1115, with the change we recommend noted (new matter being in italics and old matter, omitted, in brackets):

"Outerwear and *all* other articles, *including neckwear, bathing suits, gloves,* and *mittens,* knit or crocheted, *wholly or in part,* finished or unfinished, made of wool or of which wool is a component part, whether or not constituting chief value, valued at not more than [$2.50] *$1.50* per pound, 30 cents per pound and, in addition thereto, [28] *35* per centum ad valorem; *valued at more than $1.50 per pound and, not more than $3 per pound, 36 cents per pound and, in addition thereto, 42 per centum ad valorem;* valued at more than [$2.50] *$3* per pound, 36 cents per pound and, in addition thereto, [33⅓] *50* per centum ad valorem."

The paragraph with changes incorporated will read as follows:

"Outerwear and all other articles, including neckwear, bathing suits, gloves and mittens, knit or crocheted, wholly or in part, finished or unfinished, made of wool or of which wool is a component part, whether or not constituting chief value, valued at not more than $1.50 per pound, 30 cents per pound and, in addition thereto, 35 per centum ad valorem; valued at more than $1.50 per pound and not more than $3 per pound, 36 cents per pound and, in addition thereto, 42 per centum ad valorem; valued at more than $3 per pound, 36 cents per pound and, in addition thereto, 50 per centum ad valorem."

CHANGE IN LANGUAGE.

The change is suggested in order to include knitted neckwear, bathing suits, gloves and mittens, which might possibly be considered as coming within the language of other paragraphs of the bill, and which rightfully belong in this paragraph. Knitted

neckwear, bathing suits, gloves and mittens are important items in the knitted outerwear industry.

The words "gloves and mittens" in subdivision 2 of this paragraph 1115 (tariff bill, p. 123, line 8) should be eliminated, for these items should not justly be classed with hosiery, covered by that subdivision.

We also respectfully ask for the insertion of the words "wholly or in part" to include articles of outerwear partly knitted.

DUTY BASIS—AMERICAN VALUATION.

The industry having carefully considered the administrative provisions of this tariff bill have by unanimous vote of the various regional associations as well as this national association, indorsed the plan of levying the duties upon the basis of American labor costs and valuation, as provided for in section 402, for we are convinced that it is fair, equitable, and meets existing conditions, for the following reasons:

First. It is a practical way of overcoming differences, due to depreciated value of foreign currencies.

Second. It makes the duty the same on goods manufactured in various foreign countries, whereas, ad valorem duties levied upon foreign values would make the duties lowest in the low cost producing countries and highest in the high cost producing countries, which is contrary to the spirit and aim of a protective tariff.

Third. It would result in the full amount of duty being collected which Congress intended, which, under the system of levying upon foreign value is very often not the case, as is well known.

DUTY RATE—SUGGESTED CHANGE.

Our association appeared before the Committee on Ways and Means of the House of Representatives at the hearings upon this tariff bill, and after we had fully presented the facts and circumstances affecting our business (see Tariff Hearings, House of Representatives, Feb. 1, 1921, p. 2625) the committee justly accorded a separate classification for the products of the knitted outerwear industry, but the industry was not accorded adequate protection in the rates determined upon by the Ways and Means Committee and the House of Representatives.

We therefore respectfully suggest the following rates:

Brackets.	Specific.	Ad valorem.
		Per cent.
Value not more than $1.50 per pound	30 cents per pound	25
Value more than $1.50 per pound and not more than $3	36 cents per pound	43
Value more than $3 per pound	do	50

NOTE.—The specific compensatory duties suggested are based upon the duty now provided in the b. for scoured wool. If any change is made in that rate, a corresponding change should be made here.

REASONS FOR CHANGE.

Knitted outerwear prior to 1914, as well as now, is being produced extensively in, and our principal foreign competitors are, Germany, Czechoslovakia, Austria (whose combined output constitutes the major supply of knitted outerwear in the world's markets), and in a lesser degree Switzerland, France, England, and Japan.

We have therefore made a particular effort to collate for your committee the comparative wages now being paid in the industry abroad in the principal competitive countries and at home. They are set forth in Appendix I.

The figures are amazing and clearly indicate the utter dependence of the life of the domestic industry upon adequate tariff protection. The highest hourly wage paid abroad in the foreign countries of principal production of knitted outerwear products is equivalent to less than 4 cents per hour, as compared to the composite domestic average of 40 cents per hour for male and female labor. Due to the existence of minimum wage laws in many of our States, it is neither possible nor desirable to substantially reduce the average paid for skilled female labor in this industry.

To demonstrate to your committee the difference in costs of foreign and domestic manufacture, we are presenting in the attached Appendix II the relative price calculations of a few of the products of the industry, also the rates of duty necessary to protect this industry. Samples of the garments mentioned in this appendix can be furnished to your committee upon request.

APPENDIX I.

Average wages per hour in the textile industry (including knitted outerwear.)

	Foreign currency.		Rate exchange.	United States currency.	
	Male.	Female.		Male.	Female.
	Crowns.	*Crowns.*			
United States [1]				$0.50	$0.33
Czechoslavakia: [2]					
Reichenbach district	3.3	2.4	$0.0105	.033	.024
Warnsdorf district	3.3	3	.0105	.033	.03
Ash district	2.7	2.2	.0105	.028	.022
Brenan district	2.85	1.85	.0105	.028	.018
Trauteman district	1.8	1.7	.0105	.018	.017
Germany [3]	[1] 6.20	[4] 4.50	.066	.037	.027

[1] From cost figures of various knitted outerwear mills in this country.
[2] Daily News Record of Oct. 11, 1921 (including all emergency allowances).
[3] Official reports stated in Research Report No. 40, National Industrial Conference Board, p. 66, et seq.

Also letter of W. Lutz, superintendent of National Knitting Co., Milwaukee, as follows:

"On the day the German mark touched half a cent on the exchange I received a letter from my brother, who is engaged in the manufacture of knit goods in Germany, stating among other things that he now pays a girl 4½ marks per hour on piecework and a man 6 marks.

"In other words, their services can to-day be bought for 2¼ cents and 3 cents, when the same category of operators in the United States receive 33 cents and 50 cents, respectively; that is about 1,300 per cent more.

"It would be interesting to learn what advice the friends of foreign valuation would offer to the home territory goods prices on such a basis. It seems as if they could suggest only two things: Either to go out of business altogether or drop wages down to a competitive basis, i. e., below one-tenth of the present standard."

The Daily News Record of October 3, 1921, reports few idle in textile mills in ready-to-wear plants in Germany.

APPENDIX II.

Schedule showing actual imports of articles of knitted outerwear.

Sample No.	Article.	Weight.		Price paid.	American equivalent, exchange $0.0165.	American value, wholesale (net).	Amount specific duty.[1]	Ad valorem protection required.	Per cent of protection required on American value.
		Lb.	*oz.*	*Marks.*					
5024	Infants' sack	1	4	[2] 302	$5.07	$13.02	$0.54	$7.41	50
5026	.....do	2	3	[2] 402	6.72	18.00	.80	10.48	58
5023	.....do	1	6	[2] 296	4.97	13.50	.50	8.13	60
7018	Bootees		8	[2] 110	1.90	5.20½	.18	3.12	60
7016	.....do		5	[2] 97	1.68	4.50	.12	2.70	60
7019	.....do		9	[2] 138	2.36	6.37½	.20	3.81	59
7015	.....do		6	[2] 95	1.65	4.87½	.15	2.97	60
[3] 506	Scarf	9	8	.....	21.00	53.46	3,42	29.04	54
[3] 600	Ladies' sweater	16		.....	19.00	51.82	5.76	27.06	52
[3] 700	Shaker sweater coat	27		.....	30.17	77.50	9.72	37.61	48
[3] 800	Bathing suit	12		.....	14.79	34.06	4.37	14.94	43
[3] 5	Gloves	1	2	[1] [4] 178	2.11	5.00	.44	2.45	49

[1] This is based upon the specific rates in the paragraph suggested of 30 cents per pound for values less than $1.50 per pound and 36 cents per pound in values over $1.50 per pound.
[2] The actual price at which these garments were purchased in Germany. They do not, however, show price at which it is possible for the German manufacturers to produce these products.
[3] These items show actual domestic cost figures with calculated German cost based upon a material cost of one-half of domestic material cost and labor cost of 4 cents per hour (see Appendix 1), with correlative overhead profit, etc. The German material cost of one-half domestic cost is based upon the fact that the price of worsted yarn is quoted in Elberfeld, Germany, at 250 marks per kilo after a sharp advance equivalent at exchange of one-half cent per mark to 55 cents per pound, United States currency. (See Daily News Record, Nov. 11, 1921.)
[4] Exchange $0.012 per mark.

KNITTED UNDERWEAR AND HOSIERY.

[Paragraph 1115.]

STATEMENT OF MARTIN K. PASCO, NEW BRITAIN, CONN., REPRESENTING WOOL KNIT UNDERWEAR AND HOSIERY MANUFACTURERS OF NEW ENGLAND.

We desire to call your attention to the fact that paragraph 1115 of the Fordney bill covers but two valuations on both underwear and hosiery, namely: (1) Underwear valued at not more than $2.50 per pound; (2) underwear valued at more than $2.50 per pound. Also (1) hosiery valued at not more than $3 per dozen; (2) hosiery valued at more than $3 per dozen.

Resolve these figures into practical experience and we find that wool underwear from the very poorest grade (made of mungo or shoddy) is classified in the same bracket with all-wool underwear for which the consumer would pay at retail $7.50 a garment. This is obviously unscientific and disastrous to the higher grade merchandise.

A practical application of the yield of the Fordney tariff bill is included herewith, and shows that on this basis underwear carrying an American valuation of $5 a dozen has a gross duty of 80 per cent, whereas an all-wool article valued at $25 a dozen carries a gross duty of 32 per cent. In addition, the manufacturer of the low-grade garment, presumably manufactured out of mungo or shoddy, has an offset of 6 cents a pound duty on his raw material, or 72 cents minimum, figured on 14 pounds of stock to manufacture a 10 pound to the dozen garment, which leaves a net duty on American valuation on the $5 per dozen garment of 65 per cent; whereas the manufacturer of the $25 all-wool garment pays $3 per dozen duty on raw material estimated on 12 pounds of wool used to manufacture a 10 pound to the dozen garment, leaving an actual duty of 20 per cent.

American manufacturers of wool underwear can not continue to manufacture in America and maintain American standards of living with a protection of 20 per cent. There are few articles in the entire bill that carry a smaller percentage of duty than 20 per cent, and a large number carry a duty greatly exceeding this amount.

Likewise, on wool hosiery the same inequality exists, although not to such an extent as on underwear. Nevertheless, in making a practical application of these rates on wool half-hose of low grade weighing 2 pounds to the dozen and wholesaling at $1.85 per dozen in the present market as standard, as against high-grade wool half-hose weighing approximately 1¼ pounds to the dozen and wholesaling in the present market at $6.75 per dozen, we find the lower grade of goods carrying a duty of about 58 per cent, whereas the high-grade goods carry only about 37 per cent. This is obviously unscientific and should be corrected.

In view of the fact that the Fordney rates are unscientific and do not place the burden properly on the different classes of underwear and hosiery, we propose the accompanying schedule to take the place of paragraph 1115, lines 8 to 21, inclusive, of the Fordney bill.

These rates will place a lighter burden on the cheaper goods and a heavier one on the high-grade goods, which we believe is just and proper and in accordance with the desire of your committee.

In order to adequately protect the wide range and value in knitted underwear and hosiery, we believe it is absolutely essential to have, and we have asked for, more brackets in the classification, so that the amount of protection will not run down where the spread of the bracket is broad, as is illustrated in the Fordney bill, where the bracket runs from, say, 50 cents to $2.50 per pound and the protection drops from 80 to 32 per cent.

The theory of increased protection for increased labor applied to raw materials is so well established that it is hardly necessary to spend any great amount of time in arguing this point. It is sufficient to point out that in the lowest grade of merchandise a minimum of labor, and the rough type of labor can and is used, and as the article manufactured increases in fineness more labor, particularly hand labor, is required, with correspondingly greater skill.

It is also desired to point out that the labor cost in the manufacture of wool underwear and hosiery per pound of material used is very high, and perhaps the highest of any of the woolen textiles. In comparison with woolen cloth, for instance, we believe this will average nearly, if not fully, 25 per cent higher.

The lower grades of knitted underwear and hosiery are, as a rule, sold to the working classes (people of limited means) and should be sold as cheaply as they can be profitably turned out. The higher grades of merchandise are sold to people of means, who are able and will pay the price necessary to secure the comfort of fine materials and fine workmanship. This class of goods should bear its full share of protection, as it comes in the class of luxuries rather than in the class of necessities.

England, France, and Germany are the home of the textile industry. One of the distinct advantages these European manufacturers enjoy over the American manufacturers is a continuity of service not found in America, both in the individual worker and from generation to generation, which makes for greater efficiency and less overhead expense on account of greatly decreased labor turnover and accumulated skill. The correctness of this assertion was verified many times in the evidence presented before the Ways and Means Committee in its tariff hearings. And we would respectfully call your attention to the report of labor conditions in Germany found in the brief of Mr. J. J. Phoenix, on page 2639 of "Hearings on General Tariff Revision," in which he reports that his investigations convince him that the length of industrial life of workers in Germany is three times as long as in America, with all the attendant saving in "lost motion" training new operatives and correspondingly less damaged material.

The question of an adequate tariff resolves itself into the question of the standard of living which is desirable in America. We do not believe that the American people live too well. We believe that the standards of living in the other countries should be brought up to a higher standard, where the wants of the individual are greater and not less, rather than that the standard of living in America should be degraded to that in the less fortunate countries. The scale of wages in Germany, France, and England is far below that paid in American textile industries. We have no natural advantages over these countries in the manufacture of these products—if anything, we are at a disadvantage on account of the fact that England and France particularly have been for centuries the birthplace of textile inventions in spinning and knitting, which, added to the skill of their workmen, has given these countries a decided advantage.

All that we ask, however, is that we be given rates that will equalize the difference in labor and expense between this country and abroad, so that the American manufacturer can have an even chance with the manufacturers in the other countries.

Underwear and hosiery are staple lines of merchandise—the styles, colors, and weights are largely standardized, subject to infrequent changes, and are merchantable in many countries throughout the world. Orders can be placed further in advance than is the case with highly changeable style goods, making foreign importations into this country less hazardous and giving ample time for the executing of advance orders.

There are no figures available which show absolutely the amount of duty which is necessary to-day to offset the exact difference between American and European cost of production, but we do know with the economic conditions in Europe as they are, and the greatest urge for export business that has ever existed, this market will shortly be subjected to the fiercest competition it has ever known. If the proposed tariff bill does not give adequate protection, the loss of our home market (which is our only market) would spell disaster for our industry. If the rate of protection should be higher than necessary, keen domestic competition would very quickly take care of any attempt to maintain unwarranted prices because of lack of foreign competition. There is no combination among wool knit underwear and hosiery manufacturers. Business is highly competitive, which is evidenced by the large number of manufacturers actively engaged in the production of these goods in the United States.

In April, 1921, English worsted spinners were selling a fine quality Australian French spun worsted for knitting purposes in single 40s count at 6s. 3d. a pound, or $1.14 with the pound sterling worth $3.60. In this country the quotation for the same yarn was $2.28 a pound, and $2.15 a pound for the same count in all domestic wool. If England can produce fine worsted yarns at one-half the price in America, what can we expect from Germany, where wages are about one-tenth the wages paid in America?

Adequate tariff protection must be provided to save the American market for American manufacturers. It is folly to talk about export business without first saving our domestic market. Adequate tariff protection is the guaranty of America's advanced position industrially and her future prosperity in agriculture and in the developments of her mines and forests, and when, and only when, these productive

industries of the United States are prosperous will the great mercantile interests of our country share in the universal prosperity of the Nation.

(Signed by 22 wool knit underwear and hosiery manufacturers of New England.)

The Dunham Mills (Inc.), Hartford, Conn.; Glastonbury Knitting Co., Glastonbury, Conn.; The Medlicott Co., Windsor Locks, Conn.; The W. S. Mills Co., Bridgeport, Conn.; Radcliffe Bros., Shelton, Conn., American Hosiery Co., New Britain, Conn.; The Bristol Mfg. Co.: Bristol, Conn.; The N. L. Birge Sons Co., Bristol, Conn.; The New England Knitting Co., Winsted, Conn.; The Winsted Hosiery Co.; Winsted, Conn.; Sulloway Mills, Franklin, N. H.; H. H. Wood & Co., Lakeport, N. H.; Opechee Hosiery Co., Laconia, N. H.; Belknap Mills Corp., Laconia, N. H.; J. W. Busiel & Co., Laconia, N. H.; Belknap Stocking Co., Laconia, N. H.; Pitman Mfg. Co., Laconia, N. H.; Wm. Clow & Son, Laconia, N. H.; George E. Boyden & Son, Providence, R. I.; The Wm. Carter Co., Needham Heights, Mass.

Proposed substitute for portion of paragraph 1115 relating to knit underwear, hose, and half hose of every description, finished or unfinished, made of wool, or of which wool is a component part, whether or not constituting chief value.

	Specific duty per pound.	Ad valorem.
	Cents.	*Per cent.*
Valued at not over 50 cents per pound	15	15
Valued at more than 50 cents and not over $1 per pound	25	20
Valued at more than $1 and not over $1.50 per pound	35	25
Valued at more than $1.50 and not over $2 per pound	45	30
Valued at more than $2 and not over $2.50 per pound	55	30
Valued at more than $2.50 per pound	.....	50

These rates are based upon American valuation and on an estimated duty of 25 cents per pound on the clean content of unscoured or greasy wool.

We would ask that the name of the maker and the country of origin be clearly stamped on each article of underwear and each pair of hosiery, and so stamped that it will remain until washed out by the consumer.

Yield of proposed tariff on wool underwear and hosiery, as passed by the House of Representatives, in the Fordney bill.

Basis of estimate.	Value per pound.	Value per 10-pound dozen.	Amount of specific duty.	Amount of ad valorem duty at 20 per cent.	Total gross duty.	Percentage gross duty to— American valuation.	Percentage gross duty to— Foreign valuation.	Less wool duty paid by United States manufacturers.	Actual net duty.	Percentage of net duty to American valuation.
12 pounds mungo	$0.50	$5.00	$3.00	$1.00	$4.00	80	400	$0.72	$3.28	65
6 pounds shoddy	.75	7.50	3.00	1.50	4.50	60	150	.84	3.66	48.8
3 pounds wool 3 pounds shoddy	1.00	10.00	3.00	2.00	5.00	50	100	1.17	3.83	38.3
4 pounds wool 3 pounds shoddy	1.25	12.50	3.00	2.50	5.50	44	78	1.42	4.08	32.64
6 pounds wool	1.50	15.00	3.00	3.00	6.00	40	66⅔	1.50	4.50	30
8 pounds wool	1.75	17.50	3.00	3.50	6.50	37	59	2.00	4.50	26
10 pounds wool	2.00	20.00	3.00	4.00	7.00	35	54	2.50	4.50	22.50
12 pounds wool	2.25	22.50	3.00	4.50	7.50	33⅓	50	3.00	4.50	20
Do	2.50	25.00	3.00	5.00	8.00	32	47	3.00	5.00	20
14 pounds wool	2.75	27.50	[1] 3.60	[2] 6.87½	10.47½	38	61	3.50	6.97½	25.7
Do	3.00	30.00	[1] 3.60	[2] 7.50	11.10	37	58	3.50	7.60	25.3
Do	3.50	35.00	[1] 3.60	[2] 8.75	12.35	35	54	3.50	8.85	25.2
Do	4.00	40.00	[1] 3.60	[2] 10.00	13.60	34	52	3.50	10.10	25
Do	4.50	45.00	[1] 3.60	[2] 11.25	14.85	33	50	3.50	11.35	25
Do	5.00	50.00	[1] 3.60	[2] 12.50	16.10	32	47	3.50	12.60	25
Do	5.50	55.00	[1] 3.60	[2] 13.75	17.35	31½	46	3.50	13.85	25
Do	6.00	60.00	[1] 3.60	[2] 15.00	18.60	30	45	3.50	15.10	25

[1] At 36 cents per pound. [2] At 25 per cent.

AXMINSTER AND WILTON CARPETS AND RUGS.

[Paragraph 1117.]

STATEMENT OF HENRY I. MAGEE, REPRESENTING THE AMERICAN CARPET MANUFACTURERS' COMMITTEE.

Senator McCUMBER. Mr. Magee, will you state your name, address, and business to the reporter?

Mr. MAGEE. I am speaking for the carpet manufacturers of the United States.

On January 31 our chairman, Mr. McNeir, of the Mohawk Carpet Mills, presented a brief to the House, a copy of which was sent to you. Since that time House bill No. 7456 has passed through. With few exceptions the carpet manufacturers of the United States are satisfied.

First of all, I want to say a word in regard to the wording of the bill. This is as nearly perfect as possible, and we do not think it should be changed. As you know, in the past there has been considerable ambiguity in tariff bills with regard to what was carpet and what were rugs and what was Axminster, and so on. This wording, however, is perfectly satisfactory to the manufacturers.

There are just two fabrics to which we want to call your attention. The first one is chenille Axminster. Under the House bill, paragraph 1117, we find this:

> Oriental, Axminster, Savonnerie, Aubusson, and other carpets and rugs not made on a power-driven loom; carpets and rugs of oriental weave or weaves produced on a power-driven loom; chenille Axminster carpets and rugs, whether woven as separate carpets and rugs or in rolls of any width; all the foregoing, plain or figured, 5 cents per square foot, and in addition thereto, 30 per cent ad valorem.

In regard to the chenilles here, we wish to urge an addition to the duty, because this particular high-class weave is practically an infant industry in this country, and the foreign manufacturer has been flooding this country with this product, to the great detriment of the American manufacturer, which can easily be seen by the figures and diagrams made up from Government statistics.

By the way, I have a diagram which I desire to submit later in the form of a brief.

I shall recapitulate what is in that diagram.

The diagram at the bottom of the sheet shows that under the Payne-Aldrich tariff the imports of chenilles were increasing very slowly, but that they started to increase at once under the Underwood tariff. At the commencement of the war in Europe there was a slight setback, followed by a tremendous increase in imports. These decreased again when we entered the war, but resumed their great increase shortly after the armistice.

The figures at the top of the sheet show an increase in square yards (which eliminates any question of high prices) of 74 per cent for the American manufacturer but 500 per cent increase for the imported chenille carpets and rugs.

The American manufacturers consider that for protection it will be necessary to have a duty of 10 cents a square foot and 50 per cent ad valorem.

The second item relates to Wilton rugs and carpets.

The standard English worsted rugs, such as the Templeton Super, which is recognized throughout England and in this country as the

standard English worsted rug, can be landed in this country for £13 9s. 4d. With an exchange of $4, this would be $53.87. Add to this 25 per cent on the American valuation of $76.50, which is the net price of Hardwick & Magee's French Wiltons and Whittall's Anglo-Persian and similar fabrics of that type, and you have $19.12. The freight charges, etc., are approximately $1.50. Add, further, 3 cents per square foot, or $3.24, and you have a total of $77.73, which is the price, or the cost, for which the Templeton Super can be placed in the hands of the retailer in this country.

With a duty on wool of 28 per cent, the increased cost of worsted yarns would be 10 cents per pound, or 25 cents per running yard in the case of Hardwick & Magee's French Wilton, Whittall's Anglo-Persian, and similar grades, or $4 a rug, making necessary a net selling price of $80.50, leaving the Wiltons nearly $3 per rug unprotected. From the standpoint of Wiltons, therefore, the carpet manufacturers desire a protection of 30 per cent ad valorem and 3 cents per square foot.

Outside of that, as I stated before, the American carpet manufacturers are satisfied with this bill as it stands.

I desire to present a brief in a few days.

Senator DILLINGHAM. Is this chenille Axminster a new product?

Mr. MAGEE. No; it is not new from the standpoint of world production, but it is new from the standpoint of American production.

I will read an extract from Mr. McNeir's brief which explains it:

This type of floor covering has been manufactured in Great Britain for more than 60 years, though originally of French origin. It is a comparatively new industry in this country. About 25 years ago McLeary, Wallin & Crouse, of Amsterdam, N. Y., undertook the manufacture of chenille goods, but were compelled to abandon it after a short time, being unable to compete with foreign goods.

Encouraged by a more favorable tariff, the manufacture of chenille goods was again undertaken in 1910. The business grew moderately during the next few years. Then, aided materially by the removal of foreign competition in 1915, owing to the war, and an increased domestic demand, the industry rapidly grew to a substantial business and is to-day an important feature of the carpet and rug industry. There are now four different concerns manufacturing chenille carpets and rugs, and in one (the largest) more than 500 operatives are employed in this particular department, to whom were paid in the year 1920, not including superintendents, wages to the amount of $732,576.

I may add at this point that since this brief was written there is another concern that has gone into the manufacture of these goods.

In Great Britain, where the chenille industry has existed for many years, the resultant training and experience of the workers is a substantial advantage to the manufacturer. In this country our overseers and important men in the manufacturing, planning, and designing of chenille fabrics are from the British Isles. The principal competition on this line of goods has been from the British, although chenille goods of French and German manufacture have been also imported.

It will interest the committee to know that the proportion of labor to the whole cost is greater in a chenille carpet or rug than in any other woven floor covering in popular use, and runs as high as 43 per cent of the total cost, including overhead.

A single company manufacturing these goods produced in 1914, 127,000 square yards, and in 1920, 344,000 square yards, while the wages paid in 1914 amounted to $131,195, and in 1920, $732,576. In 1914 the average pay of a weaver on this class of goods was $20 per week and in 1920 $55 per week. It will thus be seen that the wages in six years increased nearly 200 per cent.

A few years ago we were dependent entirely upon foreign manufacturers for chenille fabrics. To-day we are independent, having built up an industry which is capable of supplying our domestic wants.

This class of goods under the Payne-Aldrich bill carries a compound duty of 60 cents a square yard and 40 per cent ad valorem, while Oriental, Savonnerie, and Aubusson rugs carried a compound duty under the Payne Act of 10 cents a square foot and 40 per cent ad valorem.

Senator DILLINGHAM. Has there been any reduction of the wages that you spoke of since the close of the war?

Mr. MAGEE. There has been a 20 per cent reduction.

Senator McCUMBER. You say that you were paying about $55 a month?

Mr. MAGEE. $55 per week.

Senator McCUMBER. $55 per week?

Mr. MAGEE. Yes. $55 was paid at that time. There has been since then a 20 per cent reduction applied to all carpet manufactures.

Senator McCUMBER. It amounts now to about $200 a month for weavers, and you want protection that will enable you to continue to pay $200 a month to the weavers?

Mr. MAGEE. Yes, sir. I might say that the wages paid in Canada, and even more so in the British Isles, are from one-third to 42 per cent less than those paid in this country.

Senator McCUMBER. I understand that.

Senator DILLINGHAM. In Canada, did you say?

Mr. MAGEE. Yes.

Senator DILLINGHAM. Why should they be lower there than here?

Mr. MAGEE. I do not know, except that they have become accustomed to a lower standard of living. The same question might be asked as well about the British Isles.

Senator SMOOT. Canada is not making chenille rugs.

Mr. MAGEE. No; I am speaking generally now.

Senator McCUMBER. You wish that to be raised so that you can sell rugs or carpets at a price which will enable you to pay $200 a month to weavers, notwithstanding the earnings of people of equal capacity and intelligence do not amount to half of that?

Mr. MAGEE. Well, Senator, of course you must recognize the fact that to weave a high-class chenille rug or a high-class Wilton rug requires a man not only of great experience, but one who is considerably above the average workman. When I tell you that the weavers in our plant to-day are, and for years have been, turning out rugs of all kinds, all widths, sizes, and lengths, from 27 to 54 inches up to 15 by 18 feet, and in some special sizes larger than that, and that these rugs, within a fraction of 1 per cent, come up to the wire, you can understand readily that it takes men of considerable intelligence to do the work.

Senator McLEAN. How much experience is required?

Mr. MAGEE. In regard to Wiltons—I can not speak so much about chenilles, because I am not in the chenille business—it takes, to make a first-class weaver whom you can depend on to give you the service that you need and desire, easily six or seven years.

Senator McLEAN. How does he get his experience?

Mr. MAGEE. The method with us is this: He starts in as what we call an altering boy, or apprentice, at the age of 16 or 17. He gets a very small wage for doing that compared with the weaver, but he is an assistant to the weaver. All through the years he is picking up the art of weaving. And it is an art; it is not a mechanical proposition; it is really an art, and it demands high pay. They should have high pay.

Senator McLEAN. Are they all male employees?

Mr. MAGEE. Ninety per cent, I should say. There are a few mills that have tried to use women, but it has never been a very great success, for this reason: That a woman is able to do only a certain part of the running of the loom. There has to be a certain number of men in that section to do the other work for her. It has not been a success. A large number of the mills of the United States employ only men weavers.

Senator McLEAN. Are the wages in other countries proportionately high that are paid to this class of workmen; that is, for the weavers in England engaged in this work? In other words, do they get proportionately higher wages?

Mr. MAGEE. Than other people?

Senator McLEAN. Than other spinners.

Mr. MAGEE. Yes.

Senator McLEAN. Because it is an art that requires this long period of training?

Mr. MAGEE. Yes; and as I pointed out before, when you get a man to weave a rug and to weave it in four strips—a 9 by 12 rug—and that rug comes out to the wire with only a small fraction of 1 per cent spoiling, you can see that it is an art.

Senator McLEAN. How do your present prices compare with prewar prices?

Mr. MAGEE. Present prices are 42 per cent below the top prices.

Senator McCUMBER. Is the average earning capacity of the American people twice as much as it was before the war?

Mr. MAGEE. More than twice the average earnings.

Senator McCUMBER. I do not mean the physical labor field alone, but I am speaking generally.

Mr. MAGEE. You are speaking of weavers, are you?

Senator McCUMBER. I am speaking of the American people, who have to buy your products.

Mr. MAGEE. I can speak only of my own industry. I understand that is the condition.

Senator McCUMBER. Well, if you understand——

Senator LA FOLLETTE (interposing). Do you understand that the earning capacity of the farmer is twice as much as it was in 1913?

Mr. MAGEE. I am not posted on that.

Senator McCUMBER. Do you think it requires a greater amount of intelligence to be a good weaver than it does to teach in the public schools, or to serve as a professor in our colleges, or as an accountant in our banks, and that they should have better prices paid to them than are paid in these other businesses and professions?

Mr. MAGEE. Frankly, I do not know, but this must be considered: There is one thing to be said for the professor, for the accountant, and for the professional man in that line of work, and that is that the remuneration is steady. He knows he has a certain salary per week or per month. It is always coming in.

Senator McCUMBER. He has a job.

Mr. MAGEE. Yes; while the weaver may make on an average in our industry $50 a week right now, there is most certainly coming a time, if the future is to be judged by the past, when he will run into a long stretch when he will not make anywhere near that.

Senator McCumber. Don't you think that the work would be a little more steady if such prices could be paid, not only to the employees but to the officers as well, as would enable the American public to buy more goods?

Mr. Magee. Well, it might.

Senator McLean. What did you pay before the war?

Mr. Magee. For what?

Senator McLean. For weavers.

Mr. Magee. The average weaver before the war earned about $22.

Senator McLean. The same man that you are now paying $50?

Mr. Magee. Yes, sir. His top-notch price was something over $60. I haven't the figures on hand, but they were something over $60.

Senator Smoot. You do not want the committee to understand that that applies to general weavers of plain cloths or plain woolens. You mean that is the price that is paid for chenille rug weaving?

Mr. Magee. To Wilton weavers.

Senator Smoot. To Wilton weavers?

Mr. Magee. And to a lesser degree to other pile fabrics.

Senator La Follette. When you say the average price paid the weaver before the war was $22 per week, do you want that contrasted with the price of $50 per week which is being paid now, as I understood you to say, in your mills?

Mr. Magee. That is a comparison.

Senator La Follette. You are paying now an average price of $50 per week for all weavers?

Mr. Magee. I will qualify that in this way, Senator, so that there will not be any misunderstanding: If you should take before the war, during our busy time of two years, the average would be $22 per week. For a similar busy time, with a similar class of weavers, the average is now $50 per week, but if you should take as a stretch five or six years, allowing for dull periods, the wages would not be $50 per week, neither would they be $22 per week. At the same time the two things are comparable.

Senator La Follette. I came in after you had made your preliminary statement, and I did not understand and do not now understand whom you represent.

Mr. Magee. I represent the American Carpet Manufacturers' Committee.

Senator La Follette. Are you connected with any particular manufacturing company?

Mr. Magee. Yes, sir. I am a member of the firm of Hardwick & Magee, Philadelphia.

Senator La Follette. Is that a corporation?

Mr. Magee. Yes, sir.

Senator La Follette. Are you one of the officers of the corporation?

Mr. Magee. I am one of the officers and am also on the board of directors.

Senator La Follette. What is your official capacity, Mr. Magee?

Mr. Magee. I am assistant superintendent of the mills.

Senator La Follette. Mr. Magee, will you please furnish to this committee at an early date, so that it may become a part of the record, a complete table, classified, of the wages paid in your plant to

labor at the present time; also, for 1913 and for each successive year thereafter down to and including 1921?

Mr. MAGEE. Senator, I understand that you want from 1913 to 1921 a complete tabulation as to wages paid?

Senator LA FOLLETTE. Yes; by classes.

Mr. MAGEE. Wages paid by classes all through the mills?

Senator LA FOLLETTE. Yes.

Mr. MAGEE. I shall furnish you that within a week.

Senator LA FOLLETTE. Thank you, sir. If you will include in that the pay of the officers, I shall appreciate it.

Mr. MAGEE. All right, sir; I shall do that.

Senator McCUMBER. I wish to call your attention to the fact that in this statistical abstract for 1920 we have these figures in the matter of wages, etc.—carpets and rugs, other than rag: The number of wage earners was 33,101; earnings, $14,716,000, or an average of about $500 a year. That was for 1914. It was practically the same for 1909, so that there was no change at that time.

Mr. MAGEE. Yes; but let me disabuse your mind on something there. That includes ingrain carpets; it includes tapestries; it includes velvet carpets, of which there is a big production and as to which the wage is not comparable to chenille and Wilton rugs. In fact, the chenille and Wilton looms are largely in the minority.

Senator McCUMBER. That is the reason I stated it covered everything except those.

Mr. MAGEE. Yes.

Senator LA FOLLETTE. Is your production limited to chenilles and Wiltons?

Mr. MAGEE. No. Our production is limited to Wiltons, although we purpose to get into the chenille industry and to weave on a few looms.

Senator LA FOLLETTE. You produce nothing in your factory or plant except Wiltons?

Mr. MAGEE. Nothing except Wiltons, with a few yards of chenilles, which we are getting started on, but which are negligible so far.

Senator McLEAN. Are they considered a luxury? What would be the retail price of a 9 by 12 rug?

Mr. MAGEE. Of the highest grade?

Senator McLEAN. The ordinary rug that the ordinary man would buy.

Mr. MAGEE. I have referred previously to the Templeton Super, which is comparable to our French Wilton. On that grade the retail price would be $115.

Senator McLEAN. What would be the wholesale price?

Mr. MAGEE. The wholesale price would be $76.50.

Senator McCUMBER. That is the wholesale price at the present time?

Mr. MAGEE. Yes.

Senator McCUMBER. They have decreased about 50 per cent in the last year, then, have they not?

Mr. MAGEE. About 50 per cent; yes, sir. It is 43 per cent or 45 per cent. Since last September there started a decrease in the retail price of rugs. Since that time there have been decreases, as I said, amounting to from about 43 per cent to 45 per cent.

Senator McCUMBER. I know personally that as to some classes of chenilles, for a 9 by 12 rug, for instance, the retail price was more than $400 in 1920.

Mr. MAGEE. You are thinking probably of imported chenilles.

Senator McCUMBER. No; American manufacture. I do not think the manufacturers at all times are thoroughly acquainted with what price the article retails at.

Mr. MAGEE. Naturally we can not control that.

Senator McCUMBER. I appreciate that, but there is a bigger spread than you have allowed.

Senator McLEAN. What is the difference between the Axminster rug and the Wilton rug and the ordinary rug that you buy in the store at this time?

Mr. MAGEE. There is with me this morning Mr. Way, of W. & J. Sloane, who is better acquainted with that phase of the subject. Mr. Way can state what the retail price is on the Axminster rugs.

Mr. WAY. The Axminster retail price would vary from $27.50 to $110 and $300. They are still making chenilles of a quality that we would have to pay $40 a yard to get. The average chenille Axminster sells for $110 to-day.

Senator McLEAN. That is about the same price as the other rugs?

Mr. WAY. That is the chenille Axminster.

Mr. MAGEE. Understand that the chenille Axminster, from the standpoint of quality, by and large, is a better piece of goods than the Wilton.

Senator McLEAN. What I had in mind was the ordinary carpet rug which the common people purchase.

Mr. WAY. Well, that would be about $60.

Senator McCUMBER. Many of your chenilles sold in 1920 for as much as $6 per yard at retail, did they not?

Mr. MAGEE. Oh, my, yes. The standard chenille is now selling at retail at about what, Mr. Way?

Mr. WAY. At about $110 for a 9 by 12 rug. That is the average.

Mr. MAGEE. What is that in square yards?

Mr. WAY. About $8.50 or about $9.25 per square yard.

BRIEF OF HENRY I. MAGEE, REPRESENTING THE CARPET AND RUG MANUFACTURERS IN THE UNITED STATES.

On January 31, 1921, the Committee of Carpet Manufacturers in America, through their chairman, George McNeir, of the Mohawk Carpet Mills (Inc.), presented a brief on Schedule K before the Ways and Means Committee of the House of Representatives. Since that time House bill No. 7456 has been passed. With few exceptions the carpet manufacturers of the United States are satisfied with the protection given them in this bill. I desire, first of all, to commend the framers of this bill upon the exact and careful wording which they have adopted. This is in marked contrast to the ambiguous phraseology of previous bills, and is entirely satisfactory to the carpet manufacturers of this country, and they recommend that care should be taken that this is not changed.

There are two fabrics upon which we need more protection. The first one is chenille Axminster.

This type of floor covering has been manufactured in Great Britain for more than 60 years, though originally of French origin. It is a comparatively new industry in this country. About 25 years ago McCleary, Wallin & Crouse, of Amsterdam, N. Y., undertook the manufacture of chenille goods, but were compelled to abandon it after a short time, being unable to compete with foreign goods.

Encouraged by a more favorable tariff, the manufacture of chenille goods was again undertaken in 1910. The business grew moderately during the next few years. Then, aided materially by the removal of foreign competition in 1915, owing to the war, and an increased domestic demand, the industry rapidly grew to a substantial business, and is to-day an important feature of the carpet and rug industry. There are now four different concerns manufacturing chenille carpets and rugs, and in one (the largest) more than 500 operatives are employed in this particular department, to whom were paid in the year 1920, not including superintendents, wages to the amount of $732,576.

In Great Britain, where the chenille industry has existed for many years, the resultant training and experience of the workers is a substantial advantage to the manufacturer. In this country our overseers and important men in the manufacturing, planning, and designing of chenille fabrics are from the British Isles. The principal competition on this line of goods has been from the British, although chenille goods of French and German manufacture have been also imported.

It will interest the committee to know that the proportion of labor to the whole cost is greater in a chenille carpet or rug than in any other woven floor covering in popular use, and runs as high as 43 per cent of the total cost, including overhead.

A single company manufacturing these goods produced 127,000 square yards in 1914 and 344,000 square yards in 1920, while the wages paid in 1914 amounted to $131,195, and in 1920 to $732,576. In 1914 the average pay of a weaver on this class of goods was $20 per week, and in 1920 $55 per week. It will thus be seen that the wages in six years increased nearly 200 per cent.

A few years ago we were dependent entirely upon foreign manufacturers for chenille fabrics. To-day we are independent, having built up an industry which is capable of supplying our domestic wants.

This class of goods, under the Payne-Aldrich bill, carries a compound duty of 60 cents a square yard and 40 per cent ad valorem, while Oriental, Savonnerie, and Aubusson rugs carried a compound duty under the Payne Act of 10 cents a square foot and 40 per cent ad valorem.

Under the House bill No. 7456, paragraph 1117, we find this:

" Oriental, Axminster, Savonnerie, Aubusson, and other carpets and rugs not made on a power-driven loom; carpets and rugs of oriental weave or weaves produced on a power-driven loom; chenille Axminster carpets and rugs, whether woven as separate carpets and rugs or in rolls of any width; all the foregoing, plain or figured, 5 cents per square foot, and in addition thereto 30 per centum ad valorem."

In regard to chenilles we wish to urge an addition to the duty, because this particular high-class weave is practically an infant industry in this country, and the foreign manufacturer has been flooding this country with this product, to the great detriment of the American manufacturer, which can easily be seen by the figures and diagrams made up from Government statistics which I herewith submit.

The diagram (on file with the committee) at the bottom of the sheet shows that under the Payne-Aldrich tariff the imports of chenilles were increasing very slowly, but that they started to increase at once under the Underwood tariff. At the commencement of the war in Europe there was a slight setback, followed by a tremendous increase in imports. These decreased again when we entered the war, but resumed their great increase shortly after the armistice.

The figures at the top of the sheet show an increase in square yards (which eliminates any question of high prices) of 74 per cent for the American manufacturer but 500 per cent increase for the imported chenille carpets and rugs.

The American manufacturers consider that for protection it will be necessary to have a duty of 10 cents a square foot and 50 per cent ad valorem.

The second fabric on which added protection is needed is Wilton rugs and carpets.

The standard English worsted rugs, such as the Templeton Super, which is recognized throughout England and in this country as the standard English worsted rug, can be landed in this country for £13 9s. 4d. With exchange at $4 this would amount to $53.87. Add to this 25 per cent on the American valuation of $76.50, which is the net price of Hardwick & Magee Co., French Wilton and Whittall Anglo-Persian, and fabrics of a similar type, and the result is $72 99. The freight charges, etc., are approximately $1.50. Add further 3 cents per square foot, or $3.24, and you have a total of $77.73, which is the price at

which Templeton Supers can be placed in the hands of the retailer in this country.

With a duty on wool of 28 per cent, the increased cost of worsted yarns would be 10 cents per pound or 25 cents per running yard (three-fourths of a yard wide), in the case of Hardwick & Magee's French Wilton, Whittall's Anglo-Persian, and similar grades, or $4 a rug, making necessary a net selling price of $80.50, leaving the Wiltons nearly $3 per rug unprotected. On Wiltons, therefore, the carpet manufacturers need a protection of 30 per cent ad valorem and 3 cents per square foot.

Imported chenilles, roll goods, per square yard, Sept. 1, 1921.

	Foreign cost.	Freight, etc.		Landed cost without duty.	Duty needed to equalize.	American value.[1]	Per cent of duty needed on—	
		Per cent.	Amount.				American value.	Foreign value.
German (marks, worked back from import price)	$3.00	10	$0.30	$3.30	$3.70	$7.00	53	123
Scotch No. 1 (21s.; exchange at $3.80)	4.00	6	.24	4.24	3.76	8.00	47	94
Scotch No. 2 (23s.; exchange at $3.80)	4.35	6	.26	4.61	3.39	8.00	42	78
English (21s. 6d.; exchange at $3.80)	4.10	6	.25	4.35	3.65	8.00	46	88
French (57 francs; exchange at 8 cents)	4.56	8	.36	4.92	3.33	8.25	40	73
Austrian (kronen, quoted in dollars)	4.75	12	.56	5.31	3.19	8.50	38	67

[1] Specific duties on imported carpets compensate for duty on wools and are, therefore, not used in these figures.

FIBER AND WOOL-FIBER RUGS.

[Paragraph 1118.]

STATEMENT OF FRANK E. CARSTARPHEN, REPRESENTING FIBER RUG MANUFACTURERS, NEW YORK, N. Y.

Mr. CARSTARPHEN. May it please the Senators, this is a remaining phase of our industry that was not covered under the grass-rug clause of paragraph 1020. There is one form of rug manufactured by members of our association known as a fiber rug and another a wool-fiber rug. We talked to you the other day entirely about the rugs that were made of grass.

That industry, and the four members of our association engaged in it, have their factories out in Wisconsin and Minnesota. The other members of our association produce about 90 per cent of the fiber and wool-fiber products and have their factories in Massachusetts, up near Springfield, and in that vicinity.

Therefore, the Ways and Means Committee, after the Tariff Survey, we can see, have placed our wool-fiber rug under the 1118 clause at a certain rate per square foot and an ad valorem duty.

We have prepared here a brief, and it really is a brief, and in view of the time allowed us the other day I am not going to take very much of your time this morning. I am going to ask permission to submit this brief. It refers to certain sections and paragraphs of the tariff survey which was made of our industries at our initiative, and is most comprehensive and thorough. We have in the memorandum we are filing referred to certain tables and certain clauses

and paragraphs of the Tariff Survey and explained in great detail, most comprehensively and intelligently, the growth of that form of industry here and give comparative tables and matters of that kind.

Also in our brief we have referred to our appearances before the Ways and Means Committee, when statements were made by various of our members and such parts of our brief are marked so you can quickly get at it. We have here to-day Mr. Stephenson, president of the Patchogue Co., of Springfield, and Mr. Solomon of the Plymouth-Patchogue mills. We do not want to add anything further, except this, to call your attention to the fact that this product—the others are made wholly of grass—is made of what we call wool and fiber. That rug [exhibiting samples to the committee] is made of paper, with wool worked into it. Therefore it would come under the woolen schedule.

We also have a fiber rug with cotton warp. This rug [indicating] is made of paper, with cotton warp; and the rug is, as you see, very similar in appearance to the rugs you saw at the hearing on Monday, known as grass rugs.

Senator SIMMONS. Where are those samples made?

Mr. CARSTARPHEN. They were made by the Plymouth Mills up in Lawrence, Mass.

We explained at our previous hearing why the fiber rug manufacturers in our association were interested equally with the grass-rug manufacturers, a most unusual situation. The two groups in competition with each other were in the Middle West making grass rugs, and the others in competition making fiber and wool-fiber rugs, all competing openly in the American market but combined against the menace of the Japanese rice-straw rug.

Senator SIMMONS. The other day when you were here you were comparing your rug with the Japanese rug.

Mr. CARSTARPHEN. Yes, sir.

Senator SIMMONS. Now, you are comparing this rug with the Japanese?

Mr. CARSTARPHEN. Only in this way: The wool-fiber rug is a different product, Senator.

Senator SIMMONS. Do they make that wool-fiber rug?

Mr. CARSTARPHEN. No, they do not make that.

Senator SIMMONS. Does your competitor?

Mr. CARSTARPHEN. So far as competition is concerned at the present time they are not bringing into this country the woolen fiber rug. The fiber rug is not being made generally in foreign countries. The reason we have been placed within this schedule is this: That the rugs that come into this country that are competing with the grass rugs similarly are competing with this fiber rug that we make, because they are used for the same purpose; they are sold at about the same prices.

There is one little feature of the thing I do want to——

Senator WALSH (interposing). They are not made of the same material?

Mr. CARSTARPHEN. No.

Senator WALSH. But have the same use?

Mr. CARSTARPHEN. They have the same use, absolutely, but are not of the same material.

Senator SIMMONS. What is the difference in the price?

Mr. CARSTARPHEN. The prices of the American woolen fiber product rugs runs along about the same as grass rugs in this country. The cost of production of the grass rug that is sold in the market here I explained to you quite at length last Monday.

There is just one feature I want to call your attention to, if I may, that while we believe that our wool-fiber rug is taken care of under paragraph 1118 of the schedule——

Senator SMOOT (interposing). Under what description of 1118?

Mr. CARSTARPHEN. 1118, you will observe, in the first paragraph, refers to certain kinds of carpets, etc., and the second paragraph speaks of ingrain; and the third paragraph of other floor carpets.

If it should be considered, as has been suggested in the tariff, that because this is an ingrain weave and has some wool in it that it falls under that paragraph, why we are protected. But there is one thing which concerns us: That the rug we make of fiber with cotton warp or of fiber with fiber warp, if there should be any question when you come to finally pass on these paragraphs as to whether or not that particular rug falls within the purview of 1118, then, if not, if it falls within the purview of paragraph 1020, which refers to grass rugs of similar make and description, then we feel that there should somewhere be put in this tariff law, added to this, a statement representing floor covers of which the chief component part, either in weight or value, is paper, 2 cents per square foot and 25 per cent ad valorem.

If your experts say it falls under 1118 or 1020 we are protected as to this fiber rug. If it does not, then we would ask you to consider the question of putting in a couple of lines that will definitely say that that fiber rug is taken care of.

In conclusion, I am only going to say——

Senator SIMMONS (interposing). In other words, you want it broad enough to protect any kind of a rug that you make here in this country against this Japanese rug?

Mr. CARSTARPHEN. Precisely, yes; the indirect competition of a rug similar in class, character, and description. If they can bring in rice-straw rugs, such as I showed you the other day, the blue ones, that looks like this fiber rug with cotton warp, looks like the grass or Crex rug—I will not go into the cost of what they can bring it in for—that is competition with our industry.

The CHAIRMAN. Is that as good a rug?

Mr. CARSTARPHEN. Oh, no; we do not think it is as good a rug, but the trouble is the public oftentimes does not know the difference.

Senator SMOOT. The salesman would know whether it was or not and could tell the customer.

Mr. CARSTARPHEN. The woolen rug is better than the fiber rug. But the trouble is the salesmen do not tell the customers.

The CHAIRMAN. You can submit the rest of your matter for insertion in the record.

Mr. CARSTARPHEN. I will; thank you.

BRIEF OF FRANK E. CARSTARPHEN, REPRESENTING THE GRASS AND FIBER RUG MANUFACTURERS' ASSOCIATION.

The Grass and Fiber Rug Manufacturers' Association respectfully calls the attention of the Committee on Finance to the tariff provision contained in paragraph 1118, H. R. 7456, which is as follows:

"PAR. 1118. Axminster carpets and rugs, not specially provided for, and carpets and rugs of like character or description, 2 cents per square foot; Wilton carpets and

rugs, and carpets and rugs of like character or description, 3 cents per square foot: Brussels carpets and rugs, and carpets and rugs of like character or description, 2 cents per square foot; velvet and tapestry carpets and rugs, and carpets and rugs of like character or description, 1¼ cents per square foot; and, in addition thereto, on all the foregoing, 25 per centum ad valorem.

"Ingrain carpets, and ingrain rugs or art squares, of whatever material composed, and carpets and rugs of like character and description, not specially provided for, 1 cent per square foot, and, in addition thereto, 20 per centum ad valorem.

"All other floor coverings, including mats and druggets, not specially provided for, composed wholly or in part of wool, whether or not constituting chief value, 2 cents per square foot and, in addition thereto, 25 per centum ad valorem.

"Parts of the foregoing shall be dutiable at the rate provided for the complete article."

In order that the committee may properly appreciate the position of the Grass and Fiber Rug Manufacturers' Association with reference to rugs manufactured by those of its members engaged in the fiber rug manufacturing industry, we respectfully request that the members of the Senate Finance Committee will refer to a Government document entitled "Tariff Information Surveys on the Articles in Paragraphs 272 and 273 of the Tariff Act of 1913 and Related Articles in Other Paragraphs," which was prepared by the United States Tariff Commission, and printed for use of Committee on Ways and Means, House of Representatives, and bearing title "Floor Coverings Other Than Wool," and comprehensively covering certain sections of the tariff of 1913, designated as paragraphs 272 and 368, matting, mats, and rugs of vegetable substances; paragraph 273, carpets, carpeting, mats, and rugs of vegetable fiber (except cotton); paragraph 276, linoleum and floor oilcloth; paragraphs 298, 299, and 303, ingrain carpets, mats, and rugs; paragraph 302; cotton carpets, carpeting, mats, and rugs; paragraphs 323 and 332, fiber floor coverings (as manufactures of tissue paper or of paper); paragraph 371, cocoa and rattan matting and mats; which survey was completed and published by the Government Printing Office in January, 1921, and contains a comprehensive survey of the industry both in the United States and abroad for a long period of years to and including the first half of the year 1920.

This survey was initiated in response to the suggestion of the Grass & Fiber Rug Manufacturers' Association and has incorporated in it statistics and data in the greatest detail, furnished by the members of the association, and also contains the result of independent investigations made by the Tariff Commission among the importers of the foreign product and foreign manufacturers. Inasmuch as this survey is available to members of this committee, for the sake of brevity we shall make no further reference to it except to direct your special attention to the conclusions of the Tariff Commission as to fiber and wool-fiber floor coverings which appear on pages 108 and 109 of the Survey, as follows:

TARIFF CONSIDERATIONS.

There being little or no importation of fiber or wool-fiber floor coverings, the question of classification of these goods is, as matters now stand, largely an academic question. Development of foreign competition is not inconceivable, however, and it may be well to indicate under which provisions of the present tariff such goods would in all probability fall, if imported, and the changes in these provisions which have been recommended by the Tariff Commission.

From the standpoint of the present tariff law, fiber and wool-fiber floor coverings as now produced in the United States fall into two main classes, (1) all-fiber floor coverings, made on plain looms, and (2) ingrain floor coverings, whether two-ply or three-ply and whether in part of wool or wholly of other materials. Since there is no specific provision for floor coverings of the first class, such goods would presumably fall under the general provisions of either paragraph 323 or paragraph 332, depending on the grade of paper used. These provisions read as follows:

"PAR. 323. * * * tissue paper * * * and articles manufactured from any of the foregoing papers or of which such paper is the component material of chief value, 30 per centum ad valorem.

"PAR. 332. * * * and all papers and manufactures of paper or of which paper is the component material of chief value, not specially provided for in this section, 25 per centum ad valorem".

Ingrain carpets, whether two-ply or three-ply and irrespective of component materials, are at present provided for as follows:

"PAR. 298. Treble ingrain, three-ply, and all-chain Venetian carpets, 20 per centum ad valorem.

"PAR. 299. Wool Dutch and two-ply ingrain carpets, 20 per centum ad valorem."

Ingrain rugs or art squares are covered by the following provision, except that it is to be noted that such articles must be composed in part of wool:

"PAR. 303. Mats, rugs for floors, screens covers, hassocks, bed sides, art squares, and other portions of carpets or carpeting, composed wholly or in part of wool, and not specially provided for in this section, shall be subjected to the rate of duty herein imposed on carpets or carpeting of like character or description."

Unless ingrain rugs or art squares containing no wool were construed to be covered by the foregoing provisions because of similitude, they would be classified elsewhere according to leading material of which composed.

In a separate report on wool floor coverings soon to be published by the Tariff Commission, certain recommendations are made with reference to classification of ingrain floor coverings. These may be quoted here, since they cover the classification of fiber and wool-fiber ingrains, as well as of wool ingrains. The suggested provision, together with comment thereon, follows:

"Three-ply, two-ply, and all other ingrain carpets, rugs, and art squares, of whatever material composed —— (rate).

"The purpose of the last paragraph is to bring together all ingrains, of whatever material composed. The growing importance of ingrains containing no wool, such as fiber ingrains and jute-fiber ingrains, is the reason for the recommendation that they be included in this paragraph. In so far as there were any foreign competition from goods of a similar character or description, the duty would thus act to protect the user of the ingrain loom whether the product which he is weaving is of wool or not. The reason for keeping the provision under Schedule K is the fact that the wool ingrains are the only kind at present imported; if ingrains which are not made of wool come to form the bulk of the imports, it might be desirable to transfer this provision to Schedule J. The terms 'two-ply' and 'three-ply' have been retained to modify ingrain, and 'all other' has been added to provide for other types, while 'triple,' 'all-chain Venetian,' and 'wool Dutch' have been dropped."

If it should be determined by the committee that the wool-fiber rugs manufactured by certain members of our association fall within the purview of the various clauses of paragraph 1118 of tariff bill, H. R. 7456, then we have no further comments to make in connection therewith, except to say that we believe we are entitled to the duty set forth in those clauses.

There is, however, one feature of the matter to which we must direct your attention by way of suggestion, as follows, to wit:

There is a rug manufactured by members of our association, of which the chief component part either in weight or value is paper, being what is commonly known in the trade as fiber rug, as contradistinguished from a wool-fiber rug.

Undoubtedly grass rugs will be taken care of under paragraph 1020 as same shall be finally agreed upon by Congress (we trust in the manner indicated by this association at its hearing before this committee on Monday last), and we assume that wool-fiber rugs will be taken care of under paragraph 1118 as it stands, but there may be a possibility these paper rugs (known among the trade as fiber rugs) would not be covered by either of said paragraphs, and we therefore suggest that if in the opinion of this committee and its experts there is any question as to whether said paper rugs are included in either of said paragraphs, that there be added to paragraph 1118 the additional clause reading:

"Floor coverings of which the chief component part either in weight or value is paper, 2 cents per square foot and 25 per cent ad valorem."

In conclusion we desire to call the attention of this committee to the hearings on general tariff revision before the Committee on Ways and Means of the House of Representatives, Part IV, on Schedules I, J, K, L, and M, held upon several occasions, beginning the 28th day of January, 1921.

We particularly request that members of the committee will at their convenience refer to the statements made and incorporated in the record at that time: Frank E. Carstarphen, pages 2683 to 2684; Victor G. Beuttell, pages 2685 and 2686; William M. Stevenson, 2687 to 2691.

We also desire that reference shall be made to the statements of Mr. I. Solomon, on pages 2989 to 2993 of this record (when Schedule M was being considered by the Ways and Means Committee), and to the statements of William M. Stevenson on pages 2993 to 2995; Myron W. Robinson, 2995 and 2996; Frank E. Carstarphen, 2996 and 2997, of this same record.

Furthermore, there is incorporated in the notes of this tariff hearing a brief filed by counsel for the Grass and Fiber Rug Manufacturers' Association in connection with the said hearing upon the paragraphs of the tariff law in which said association was specially interested. This brief may be found on pages 2459 to 2485.

FIBER AND WOOL-FIBER RUG INDUSTRY.

Fiber is a paper product so treated that a twisted thread is prepared, which is then woven into mattings and rugs. In certain grades wool is mixed with the paper.

This product is intended as a substitute for the ordinary woolen carpet or rug for the houses of people of moderate and small means, and also for the summer homes of well-to-do people.

The industry is a comparatively new one, the first company in this country, the Hodges Fiber Carpet Co., a member of this assoication, having started business in 1894. In 1905 the Harvey Fiber Carpet Co. and the Plymouth Mills were organized. The Bozart Rug Co. was organized in 1914. The Bradley Rug Co. in 1907.

The six companies, members of this association, are the principal manufacturers of carpets and rugs of fiber, and of wool and fiber, and of mattings in the United States, their output being estimated to be about 90 per cent of the entire domestic product. They are using in their product at present about $2,000,000 of material annually, and are heavy users of magazines and newspapers for advertising, and pay thousands of dollars as freight. They have about 2,000 employees, and pay annually in wages about $2,000,000, the average weekly wage of operatives being in excess of $25 per week.

The fiber and wool-fiber products of this country are of great utility, being artistic, durable and practical for all seasons of the year. They are all sanitary, and some of them waterproof. They are seamless and reversible. The waterproofed rugs stand rain and snow and are practically indestructible. They are made in a great variety of designs and colors, so that perfect harmony with their surroundings is obtainable, and they are artistically highly educative.

The capitalization of the fiber-rug companies above mentioned is $5,260,000, as follows:

Hodges Fiber Carpet Co., Indian Orchard, Mass	$1,000,000
Bozart Rug Co., Springfield, Mass	2,000,000
Patchogue-Plymouth Mills Corporation, Lawrence, Mass	1,700,000
Harvey Fiber Carpet Co., Philadelphia, Pa	500,000
Bradley Rug Co., Plymouth, Mass	60,000

All of the foregoing companies are on a strictly competitive basis and have no interlocking directorates.

We respectfully submit that the foregoing shows that the industry deserves protection.

SCHEDULE 12.

SILK AND SILK GOODS.

SILK IN GENERAL.

STATEMENT OF H. E. MILES, RACINE, WIS., CHAIRMAN OF THE FAIR TARIFF LEAGUE.

Mr. MILES. Mr. Chairman, my name is H. E. Miles. I live at Racine, Wis., and I am chairman of the Fair Tariff League.

The Fair Tariff League is an organization representing a cross-section of society as near as it can determine. It wants to know by what right favored interests ask for increased profits by special acts of Congress from the working people of the United States, which I take it is what the committee wants to know. They are protectionists, most of them, dyed-in-the-wool protectionists.

Senator LA FOLLETTE. I suggest, as the time is so short, that you confine yourself to the silk schedule.

Mr. MILES. We have to-day a virtual embargo on the importation of silks for general consumption in the United States. There is none coming in competing against the production of the United States, except the cheap habutai from Japan and the Shantung silk from China, two things apparently our manufacturers do not want to make. With an embargo now, why do manufacturers ask for anything more?

What is the basis of protection? It is "the difference in the cost of production here and abroad." The silk manufacturers who here plead for further contributions from the public funds have not given any reason whatever on this basis for any raise in rates. They have made a plea about wages, but have absolutely misstated the fundamentals. We have heard a good deal in this committee and the other committees about the low wages paid in Japan, a matter as irrelevant to this subject as the habitableness of Mars. We learn from the Tariff Commission that wages in Japan, figured in pennies, are one-sixth of wages in the United States, but the inefficiency of the Japanese workman is so great that he gets, measured in pennies, two-thirds of the American wages, and it takes so many Japs to do the work of an American that this remaining one-third is virtually done away with.

Japan does not make anything except habutai in the way of silk to compete with us. Yesterday we were asked the scare question, What if Japan does go out in the general field and make our sorts of silks? That question is not relevant. When, if ever, they make these silks we will consider it, but we have no right to make further drafts upon our women's pocketbooks at this time on any such unexpected contingency.

One-half the cost of making silk is the raw material. Silk is precious. That is why we like it. If the silk manufacturers present were put on the stand under oath, they would variously state that the cost of making silk is from 40 to 50 per cent in the cost of the material. And silk costs the same the world over. On that basis we have actually eliminated from all tariff consideration this 40 to 50 per cent of the cost of the product, and the tariff is levied only in consideration of the other 50 per cent, being the items of labor, overhead, and profit. To-day the tariff on silk fabrics is 45 per cent. If the cost of the material is 50 per cent, then we have a 90 per cent tariff to-day on all the variable items, including the profit of the foreigner, his overhead, and his wages, which is clearly very excessive.

The fact that we now have an embargo further confirms the statement that the present tariff is excessive. I have just gone through great department stores of New York City. I could have gotten 40 samples. Here are many. I couldn't find any silk for ordinary wear by the women of America that was made abroad and sold against the same silk here. Silks made abroad differ either in design or quality and get in only for that reason, and to get this novelty in design or quality the American buyer has to pay three times the foreign manufacturer's price because our tariff is 45 per cent. On a fair tariff she would get it at a much less price with no harm to anyone.

Now, about the wage cost: Manufacturers of silk and experts in the business tell us the wages in manufacturing ordinary silk cloth are about 30 per cent of the price. They tell us that the difference between the wage cost of manufacturing silks of the kinds we commonly use in the United States and other countries is 15 per cent at the outside. I have always said, with 15 years' experience and the help of many experts on tariff in the United States, that I would usually give the well-established American manufacturer twice this difference in wage cost, but when I said that to a Congressman of note he smiled at the gentleman who introduced me and said, "I could raise $20,000,000 in my little bailiwick to beat that proposition." I think we were rather close together, closer than he realized. On some things the difference in cost of production in the United States and foreign countries is nil, and twice nothing is not very much. The Congressman had these in mind possibly. From the investigation we have made, 30 per cent would be the extreme protection on silks, being twice the difference in wage cost, closely figured. We are taxing American silk users beyond reason if we go beyond 30 per cent.

Senator SMOOT. Foreign valuation or American valuation?

Mr. MILES. Foreign valuation. If the silk manufacturers who testified before you were put under oath and questioned on costs and needs, you would get more information in 60 minutes than you have had in several days of tariff hearings.

Our league is gathering costs and will present to you, if you will allow us, at a later time, samples of things made in the United States with such a low wage cost that it is difficult to figure it.

Senator WALSH. How large is your organization?

Mr. MILES. I think the membership of the league itself would not be over 300. It includes presidents and secretaries of several farm organizations with maybe a million and a half, and presidents and

other representatives of wage organization of 370,000; manufacturers, importers, merchants, women, and I don't know who all.

These silk men look so much as though they could earn their own living. They have to-day about 90 per cent of the American market with the 10 per cent of imports noncompetitive, and yet they ask Congress to give them more than 90 per cent of so-called protection, most of which would not be protection at all, on all items of difference—labor, profit, and overhead. We find neither reason nor modesty in this.

You must be careful as to how much you pay manufacturers in tariff privileges in expectation of their passing it on to their wage earners. I am a life-long manufacturer. When these dear silk people, back in 1908, had an extremely high tariff they paid in Rhode Island $7 to $8 for a long week of 56 to 60 hours, with 92.8 per cent of their employees immigrants, and only 7.2 per cent American born, and I presume that a good many of those were sons and daughters of immigrants recently arrived. I submit that the Congress must be extremely careful in taxing working women entitled to silk hose or silk gowns millions of dollars for a group of profit-making manufacturers on the supposition that they will pass it on to the wage earners, when a number of years before the war they had the lowest wages paid in the United States for as long a week as any labor worked.

Just a word about the wage earners of the United States. I have talked with many of their leaders and asked if they like to be regarded sentimentally and as if the American laborer needs a lot of protection as a public grant, because they are producing so little compared to the wages they get. They do not. The American workman is the cheapest workingman on earth, the most vigorous and the most effective on quantity production by machinery. He is filling the markets of the world with American products because they cost mighty little, and less here than anywhere else.

These silk and other people are asking you to add billions of dollars per annum to the cost of living in the United States when there is no reason on earth for anything other than a reduction in the silk and similar schedules and the saving of from two to five billion dollars per annum to the wage earners and others of the United States. Wages are going down. We are sympathetic with reductions in wages. We must not hurt the purchasing power of these reduced wages by additions to the duties.

Price fixing—as a manufacturer for 40 years I know something about price fixing. I was president of the National Association of Implement and Vehicle Manufacturers, have served farmers with my products for 40 years, and I don't know any industry in the United States that is not more or less subject to price fixing. I ask one manufacturer after another and they just smile at me and assent. Any addition to the tariff is a buttress of price fixing.

Senator LA FOLLETTE. What do you mean by "price fixing"?

Mr. MILES. I mean that nothing more important happened during the war in a minor way than the getting together of all the manufacturers in each group for war service and their agreeing upon prices to the Government and learning to work closely together. It has resulted in everything in the way of price fixing from a simple loose conversation without legal force, but often com-

pletely effective in result, to the plan of price agreement that sent the tile people to jail the other day. And when demand is great the near prohibition of imports by excessive rates of duty, as at present on silks, is as bad as the worst price fixing, for prices go skywards from excessive demand, and relief from abroad is prevented by you.

Senator McLEAN. With our taxes—internal revenue taxes, surtaxes, and excess profits taxes—do you think they include the taxes in the price?

Mr. MILES. I think they paid little thought to particulars, and reached out for all there was in sight. There were 10 or 15 buyers for almost any article, and I blame nobody. But it is up to the Congress of the United States not to further aid and abet such conditions.

Senator CALDER. That condition is extended also to labor organizations in some degree, is it not?

Mr. MILES. Surely. I am not here to object to price fixing. I might be, but that is aside from to-day's question. I am here to object to the stimulation of price fixing by duties which eliminate competition from abroad under all conditions and so add that much to prices. I spoke to a cutlery man the other day. He said, "You know, in these times of distress we are pretty loose with our prices, but when the demand is great the Lord knows what we do." He is one of the biggest cutlery men in the United States.

Senator McLEAN. What do you make?

Mr. MILES. Carriages and agricultural implements. I retired from business about eight years ago, from the Racine Wagon & Carriage Co.

Senator McLEAN. You are out of business?

Mr. MILES. Yes, sir.

The CHAIRMAN. How long have you been out of business?

Mr. MILES. About nine years. I am vice president of a bank and things like that, but I don't count that.

Mr. Fordney says the purpose of a tariff is to help the foreign price up to the domestic price. The Tariff Commission says that whenever an article is manufactured in the United States and is brought in from abroad in any considerable quantity and continuously the tendency is to make the price to the domestic consumer both on the domestic product and the imported product equal to the foreign price, plus the duty. For many years we had high protection on steel from Belgium, and the American price of steel was always the Belgian price plus freight to New York, plus the tariff, within 3 per cent, although the steel people were exporting it at that time. Figuring that the price of a domestic product, as well as the imported product, is the foreign price, plus the tariff—and I submitted this to financiers and statisticians to approve the figures—the silk people got, by favor of Congress, $85,000,000 in 1914, $214,000,000 in 1919, and they would get under the Fordney bill $240,000,000. That price of $214,000,000 in 1919 is the price to the manufacturer, and it is doubled by the retailers, so that it is something like $400,000,000 charged against the consumers of the United States. If the manufacturer does not use this protection, why is he here asking for some $50,000,000 more?

We stand for any tariff that can be justified. We submit that further increases in silks can not be justified from any standpoint. Reductions in large amount are necessary.

I thank you, gentlemen.

STATEMENT OF HORACE B. CHENEY, REPRESENTING THE SILK ASSOCIATION OF AMERICA, NEW YORK, N. Y.

The CHAIRMAN. You represent the Silk Association of the United States?

Mr. CHENEY. Yes, Senator; I represent the Silk Association of America, and my name is Horace B. Cheney, of Cheney Bros., of Manchester, Conn.

Senator WATSON. What particular paragraph are you addressing your remarks to?

Mr. CHENEY. I am chairman of the legislative committee of the silk association, and I am going to speak in relation to the basic principles which underly the whole situation in the silk tariff, the factors which are controlling factors in our industry, and later there will be gentlemen who will speak to you in relation to individual sections. We wish to strongly urge upon you the necessity of revising the schedule for silk goods embodied in the bill which has been passed by the House, which is practically in effect the reenactment of the rates of the 1909 tariff, which was designed to meet the conditions of that time upon an almost pure specific basis; a tariff which measured with a fair degree of approximation the difference in the cost of manufacturing abroad and in the United States—not upon a percentage basis, but upon the actual dollars and cents difference, as nearly as possible, in the labor costs existing in that day in the United States and in foreign countries.

Now, if the duties enacted under the old bill of 1909 were then equitable, it is manifestly evident that any figure which at that time properly measured in dollars and cents the difference in cost to manufacture would to-day be entirely inadequate to represent the changed conditions of the present time, where manufacturing costs have at least doubled; if you double the cost of each of two things you double the figure which represents the difference between them.

The 1909 tariff did not increase the importation; it was not possible for it to be escaped by undervaluation, and it was generally acceptable to importers and manufacturers alike. In order to cover fancy articles which would not be adequately covered in other ways there was added a "catch-all" clause of 45 per cent, with the full expectation that in reality a much smaller percentage of the duty would actually be collected, because of the inevitable undervaluation upon those articles. This schedule was an elaboration, but not an increase in the duties which had reigned in the prior schedule, in which the first attempt at specific duties had been made, prior to which time the ad valorem duty had been upon a higher basis.

When the Underwood bill was enacted all specific rates were abolished and only the low "catch-all" clause left, under which tariff, as we propose to show you presently, the importation of foreign merchandise rose with great rapidity and to an extent which has become a serious menace to the domestic industry.

We have heard much said about the difference in the cost of living and the lower purchasing power of the dollar to-day in terms of food, clothing, shelter, etc.

I am going to present a chart made in the statistical department of Cheney Bros., showing the fall in the purchasing power of the manufacturer's dollar in purchasing labor—not the employee's, but

the manufacturer's dollar and purchasing power in labor. There has been a sort of hazy impression that the two things were identical, but they are by no means identical, and they would not be identical even if the cost-of-living dollar truly represented the changed conditions in the purchasing power of wages, which it does not do. There would still be in the case of the manufacturer's dollar to account for the decreased hours of operation and other factors of a similar character. (See Table I.)

Using the same factors and weighting that has been used by the National Industrial Conference Board, we find that the cost of the living dollar decreased from 100 cents in 1914 to 48 and a fraction cents, and that it had been raised to 61 cents. We find that our own dollar in purchasing labor in our plant went down to 33.6 cents, and that to-day after two reductions in pay, amounting to approximately 10 per cent each, that our dollar is only worth less than 40 cents—that is yet to be determined, because the last reduction in pay is so recent that we have not been able to get the figures so as to know what it is going to be, but it will not be 40 cents.

TABLE I.—*Purchasing power of dollar.*

	Employee's dollar in terms of food, shelter, etc.		Employer's dollar in terms of labor.	
	Month.	Value.	Month.	Value.
1914	July	$1.00	July	$1.00
1915	do	.995	do	.967
1916	do	.92	do	.868
1917	do	.761	do	.708
1918	do	.657	do	.575
1919	do	.58	do	.495
1920	do	.489	do	.344
1921	do	.552	July	.306
	October	.604	October	.335
			December	[1] .40

[1] Estimate.

The cost of labor to the silk manufacturers, after you have taken into account these two reductions, amounting to about 20 per cent, is to-day 160 per cent higher than it was in 1909, when the last specific schedule was enacted.

Senator McCUMBER. That is, where you paid $1 in 1914 you pay $2.60 now?

Mr. CHENEY. Yes. Before the war our average wage was 20.9 cents; it went up to 60 cents, and it has returned to 51 cents.

Senator LA FOLLETTE. You mean per hour?

Mr. CHENEY. Per hour. That is what it cost the manufacturer; that is not what the employee gets out of it in weekly wage. I can give you those figures also, if you wish them, but it is what goes into the cost of manufacture.

Manufacturing costs are certainly double in the United States what they were at that time; even if the exchange situation in Europe were discounted, and we allow for the readjustments which have taken place in the cost of manufacturing in Japan, the relative situation between those countries and this would certainly be as great in the minimum case in percentage as it was in 1909.

That is, if we assume that the manufacturing costs here and abroad have doubled, that we have not got any more increase than they have

got—I do not know that that is true, if you take the exchange situation into account it certainly is very far from true—but even if you find some way to equalize exchange, still you have to meet this factor. But if we assume both of them have doubled, then the difference between the two would also be double, and while the percentage upon an ad valorem basis would be the same, upon a specific basis it would be very much greater.

The House committee recognized the truth of this statement, but they said that it would not be feasible to give specific rates which measured that difference, and that we would have to rely upon ad valorem rates for our necessary protection.

We are very reluctant to abandon the principle of specific rates. They have very many advantages; they are much more reasonable in application; easier of collection, and impossible of evasion; and they help to equalize the exchange between foreign and American countries; but if ad valorem rates have to be relied upon, then you should take into account two factors: First, allowance should be made for the fact that there is a certain amount of undervaluation, and that not all of the duty on an ad valorem basis can be collected; in a specific duty the whole thing is collected, in ad valorem there is always some of it that is not collected.

It also should be remembered that when specific rates were enacted ad valorem rates were lowered; they were only intended to catch those things which were not covered upon the specific basis, by the operation of a "catch-all" clause, and they were only intended to cover certain of that kind of thing; and the ad valorem rates which had been in existence prior to the time that the specific rates that were put in operation were lowered.

Also, if we should rely upon ad valorem rates to take the place of the specifics which have been in operation for many years prior to the Underwood bill, then that ad valorem rate should not be upon the basis of the catch-all clause, but upon the basis which was judged to be reasonable and proper in the form of specific rates. That was judged in the House to be between 50 and 55 per cent at that time, that is, foreign valuation. That actually worked out an approximation of 55 per cent in the tariff of specific rates over a long period of years, and that did not stop importation, and all of that was collected.

Although our expectations are that the specific rates given in the House bill will be inoperative in any case, they are so low to-day that they will not apply, except in extreme cases of tremendous undervaluation, or on some special thing which is outside of the ordinary operations of the schedule.

The CHAIRMAN. Mr. Cheney, you are referring to the rates in the pending House bill that we have before us?

Mr. CHENEY. Yes, sir.

The CHAIRMAN. Did you not have an opportunity to be fully heard before the Ways and Means Committee?

Mr. CHENEY. Yes, sir.

The CHAIRMAN. Were they not impressed with your arguments?

Mr. CHENEY. I do not like to criticize too much the action of the House.

The CHAIRMAN. You have had great experience. Every one has a great deal of confidence in your ability on this schedule, and I did not know but what the matter might have been more nearly fixed according to your desires.

Mr. CHENEY. Frankly, Senator, I think that the reason there were not other rates put in the House bill—were other reasons than were connected with the silk schedule. We feel that we did not get what we ought to have gotten in the House bill. We are very much dissatisfied with the result of it. We do not think it was treated upon its sound merits alone, and the reasons which were given us by some of the men were not the ones which could be applied to the silk schedule as an entity, but upon question of public policy.

Senator SIMMONS. I would like to know why the House committee reached the conclusion that it was not feasible to continue the specific rates which you say your industry desires to obtain?

Mr. CHENEY. They have continued a specific rate schedule, which is just the same one as was in existence when the difference to be measured was half what it is to-day.

Senator SIMMONS. You claim that you did not have specific rates: that the ad valorem rates were substituted for specific rates. I probably misunderstood you.

Mr. CHENEY. That was in the Underwood bill. In the last bill, of 1913, the specific rates were wiped out, and that is what is now in operation. The House in their bill have restored the rates just as they were in 1909, when the cost of manufacture were half what they are to-day, and they do not measure the difference to-day and therefore they will be practically inoperative.

One other reason for the desirability of making specific rates is that otherwise the Government will not get reports of the imports upon the different brackets of the silk schedule, and we never will be able to get a reasonable basis for finding out what a specific schedule ought to be; if you keep the reports on those classifications which were designed for specific rates, then your customs reports will give you adequate information for the future for legislation which may be undertaken at some other day.

The question of the true effect of the bill of 1913 has never had any opportunity to be clearly demonstrated, because of the disturbed conditions which have existed since that time, but were unmistakable evidences before even the beginning of hostilities in Europe of a decided increase in the importation of silk goods, particularly from the Orient and most of all from Japan; that was where the increase first appeared. The abolition of specific duties worked for greater advantage to countries of low labor costs than to those of high labor costs; likewise the costs of production and prices of goods in oriental countries were very difficult of ascertainment, and therefore there were greater possibilities of undervaluation in that field and of goods imported from such sources than where labor costs are greater and where costs more nearly compare with our own and where there is more frequent interchange, and we know more about costs of producing.

Moreover, since that time there has been another factor of steadily increasing importance. Japan for many years has been increasing its weaving by purchasing textile machinery in Europe. They have purchased some in the United States, but up until the war that was of a comparatively small character. In the year 1917 they only imported 112,000 yen worth of machinery from the United States: in 1918 they imported 3,000,000 yen; in 1919 there were 3,500,000 yen; in 1920 nearly 6,300,000 yen. Six millions of textile machinery

means a lot of looms and other machinery and 12,000,000 yen in three years would make a great many very large weaving plants.

After the session of the committee the witness found that the figures given by him to the committee in dollars were taken from a table prepared by the Japanese Government, in which the figures were expressed in yen. He is giving you at the end of the testimony relating to the subject the same figures converted into dollars. The subject is less striking in this way, but it still amounts to an enormous amount of machinery. If expressed in looms alone, it would equal over 100,000 looms of the best and most improved pattern, or 50 per cent more than that number, if the more simple machinery were represented. Of course, the importation was not all taken in looms, but was in other machinery as well, including a considerable amount of spun silk.

Senator WATSON. Can you not tell the result of shipments abroad by the amount of silk in Japan shipped to her?

Mr. CHENEY. The amount of silk in Japan is not a criterion of how much goods they weave for export nor how much is exported. I am going to presently show you a chart that will clear what the amount of exports have been and how they have increased. But I am bringing this particularly to show you the potentialities of the Japanese industry and their increased ability to do this kind of business.

In addition to the 12,000,000 yen worth of United States machinery—it is just exactly the same kind of machinery we have got in our plants—they are in a very advantageous position to compete with us.

Senator SUTHERLAND. Do you know how much machinery during some stated period they bought in Europe?

Mr. CHENEY. Yes; I have that.

Senator SUTHERLAND. That would increase the quantity they have?

Mr. CHENEY. Yes. Here is a chart that shows importations of textile machinery into Japan for the last five years. (See Table II.)

Senator DILLINGHAM. Can you not state it in words?

Mr. CHENEY. The total imports of textile machinery from all sources into Japan for the year 1919 amounted to 16,178,000 yen.

Senator SUTHERLAND. That is one year?

Mr. CHENEY. That is one year.

Senator SUTHERLAND. And during the three-year period that you gave the shipment of American machinery to Japan?

Mr. CHENEY. In 1917 there were 5,500,000 yen and in 1918 there were 9,400,000 yen; in 1919 there were 16,000,000 yen; in 1920 there were 20,500,000 yen worth of textile machinery imported into Japan of various sorts.

TABLE II.—*Importation of textile machinery into Japan.*

Imported from—	1915	1916	1917	1918	1919
Great Britain	$818,534	$1,084,071	$2,318,995	$1,957,331	$2,858,898
United States	$19,972	$110,466	$337,648	$2,488,640	$4,469,053
United States, in yen	.....	.....	112,000	3,000,000	3,500,000
Others	$38,838	$96,043	$87,539	$238,205	$736,783
Total	$877,344	$1,290,582	$2,744,182	$4,684,176	$8,064,734
Total, in yen	1,760,000	2,569,000	5,498,000	9,390,000	16,178,000

Senator SUTHERLAND. How long will that kind of textile machinery last?

Mr. CHENEY. We have machines that are still in operation that I worked on when I first went into the mills 30 years ago. I do not know how much longer they will run if they are kept in good condition.

The Japanese are a very skillful people and they are very industrious, and in some other industries it has been reported they have a less degree of efficiency. I think that is not because of the character of the worker, but because of the lack of knowledge of the industry with which they are dealing. They are less handicapped in that respect in the silk industry than they are in any other.

Silk is an oriental product. They know it better than anything else, and I believe that their handicap with relation to silk in that respect is so small as to be negligible. Their modern factories are very efficient.

When considering what effect the importation of foreign merchandise may have upon the domestic business, it is not sufficient to take into the picture only the things of identical character. Any article of commerce is in competition with any other article of commerce if one displaces the other in the public use or can be used for the same purposes; for instance, when considering the effect of the competition of Japanese habutai—which is the largest Japanese product—in the silk market of the United States, the effect can not be gauged alone by the loss of a similar production in the United States. In the case of our own country we have had for many years a large business in what is known as florentine, which is a material with reeled silk warp and spun silk filling, similar in character to habutai, only perhaps heavier and does not look very much like it, but can be used for similar purposes. The result of the increased importation of Japanese habutai has been not only that we have lost entirely the product of exactly similar merchandise in this country, not only our firm but all other firms have retired from the manufacture of habutai and pongees except in specialties, but we have also lost large business in other fields.

For instance, in this particular field I am speaking of the sales have actually decreased one-third during this period while the uses for similar materials have expanded very largely.

It is not always as simple as that. A woman who wears a printed foulard dress, in which the color, style, and general appearance is the predominating factor, does not care very much what kind of material she buys as long as it produces the effect which she is looking for; and she can replace the foulard by habutai and across this room nobody can tell and nobody will know the difference.

Senator McCUMBER. What is the material made which is a substitute for silk?

Mr. CHENEY. I am speaking of substituting one silk fabric for another silk fabric, both made of silk and both made of real silk.

Senator McCUMBER. Both made of silk from the silkworm?

Mr. CHENEY. Yes. The only difference is that they would be different weaves and different weights.

The CHAIRMAN. Mr. Cheney, what is the condition of the silk industry in the United States at present? To what proportion of their capacity are they operating?

Mr. CHENEY. I will come to that in just a moment, if you please.

Senator SMOOT. Does Japan make any substitute silks?

Mr. CHENEY. Oh, yes; they make foulards; they make crêpes and other fabrics. I am talking chiefly of habutai, because out of some $55,000,000 worth of importation of Japanese silks there were about 90 per cent habutai, and only about 10 per cent of it was other fabrics—that is, roughly speaking; I am not sure of the exact statistics at the moment. The total imports of silk for the year 1920 were $50,000,000 from Japan; $43,928,000, of which 90 per cent were habutai and 10 per cent other fabrics.

There is a great deal of discussion in the public press of what is called "a return to normalcy," which the public generally interpret as a return to the conditions of prices which existed prior to the war and to the gauges of value. By some necromancy they expect that wages will stay high and that the prices will come down. What really has happened is that we have a new basis of representing property. Prior to the war there were in the civilized communities certain properties, chiefly the products of man's labor, such as railroads, mills, machinery, buildings, and mines. There was a system of designating the ownership of these properties, which was represented by bonds, stocks, money, and so on. During the war we turned wholeheartedly to the destruction of the products of man's labor, and at the same time we issued a perfect flood of new certificates of ownership of property in the form of Government bonds.

When the war terminated we had approximately twice as many evidences of ownership of property as we had before, and we had less property to be represented by them. That means that the value of those evidences of property has got to be changed to cover the property which they represent. If there is no more property and twice the evidences, that is half the value. The only way, therefore, in which it would be possible for us to return to a prewar level in wages and prices in the purchasing power of the dollar would be, first, for all governments to repudiate all of their war debts, which is unthinkable and not to be contemplated; the second way would be for men to create new property to make up the difference in the increased evidences of property which existed prior to the war. We can not do that; it is going to take more time than any of us will live to see for that to be brought about. There is only one other alternative left; that is, we are going to be hereafter on a new basis of values than what we have been heretofore accustomed to gauge property by, and we can not return to the purchasing power of the dollar of 1914.

I am filing with the committee a chart showing the increase in importation of silk-woven goods under the operations of the laws of 1913. The average importation for the five years previous to 1914 amounted to 9,000,000 square yards per year; I am not talking dollars; I am talking actual square yards and quantity. (See Table III.)

Senator DILLINGHAM. And only during that period?

Mr. CHENEY. This is the period of the operation of the Payne-Aldrich bill. Under the operation of the bill which is now enforced in five years there were imported 25,000,000 on an average per year.

During the last two years there was an average of 38,000,000 yards imported.

Senator WATSON. Thirty-eight million what?

Mr. CHENEY. Thirty-eight million square yards—not complicated by the question of values at all.

Senator WATSON. Just quantity?

Mr. CHENEY. Quantity. We have not available all statistics for the year 1921, but the importation of goods for the month of May for this year were larger than any previous record up to that time. Since preparing this I have seen some statistics that indicate that in the 10 months which have been completed that the importations of the 10 months are 50 per cent greater than either of the previous four years.

Senator WATSON. Where from?

Mr. CHENEY. Japan—exclusively Japan.

TABLE III.—*Exports of habutai from Japan to the United States.*

	Square yards.		Square yards.
1910	8,176,534	1915	18,601,783
1911	8,002,849	1916	21,882,864
1912	6,991,986	1917	24,281,801
1913	10,389,281	1918	20,717,750
1914	13,581,863	1919	37,588,533
Average, 1910–1914	9,428,503	Average, 1915–1919	24,614,546
		1920	38,039,595

Mr. CHENEY. Here is a chart,[1] gentlemen, which will show you what has taken place in that situation [indicating chart].

This section indicates the operation of the Payne bill; that [indicating] is the average of the Payne bill.

Senator DILLINGHAM. That is for 1900?

Mr. CHENEY. That is from 1910 to 1914, five years; there is what the level of the Payne bill is, on the average, and here is the level of the present operating bill for the years 1915, 1916, 1917, 1918, 1919 [indicating].

Senator DILLINGHAM. What are the figures for each?

Mr. CHENEY. Nine million four hundred and twenty thousand square yards as against 24,614,000 square yards as an average.

Senator SIMMONS. Let me ask you right there a question: You said a little while ago that in the last few years Japan had been purchasing enormous quantities of machinery for the manufacture of silk, some from this country, but a larger amount from Europe. Now, you are speaking about the increased importations to this country?

Mr. CHENEY. Yes.

Senator SIMMONS. Will you also tell us to what extent the importations have increased to Europe? I would imagine she has bought enormous quantities of machinery in that time. She is making an enormous quantity of goods compared with the quantity that she made before she bought that machinery. Could you give us the information as to the increase in exports from China to other countries?

Mr. CHENEY. These [indicating] are Japan.

Senator SIMMONS. I meant Japan.

Mr. CHENEY. But I can not tell you anything about what has happened this year.

Senator SIMMONS. But you can tell us with all this new machinery she has been buying her output must have been tremendously increased?

Mr. CHENEY. Yes.

[1] Not printed.

Senator SIMMONS. I do not know that her consumption was very greatly increased; therefore she must have increased her exports pretty extensively.

Senator WATSON. You mean in silks, Senator?

Senator SIMMONS. Yes, in silks; and I want to know, if you can furnish the committee—I am simply asking for information—with statistics as to her exports to other countries, the increase in exports during this period, when she was buying and installing such an enormous amount of machinery, as compared with increase in exports to this country. I think it is but fair that we should have that information.

TABLE IV.—*Exports, by countries, in pounds.*

PLAIN HABUTAI FROM JAPAN.

Year.	To France.	To Italy.	To Great Britain.	To United States.	To all others, including India.	Total.
1913	998,511	42,571	756,208	496,186	985,819	3,279,295
1914	583,860	35,845	892,162	646,462	803,959	2,962,288
1915	711,978	50,162	1,159,564	886,001	269,615	3,963,550
1916	486,565	40,484	922,346	1,044,143	940,520	3,434,058
1917	423,999	29,412	791,460	1,161,388	1,018,089	3,424,348
1918	470,448	11,850	1,329,663	991,097	2,286,859	4,098,820
1919	5,121	.....	717,589	1,790,136	1,424,501	3,937,347
1920	.....	.....	.....	.....	.....	3,356,783

FIGURED HABUTAI FROM JAPAN.

1913	13,364	824	36,816	1,559	321,915	374,478
1914	1,247	517	24,476	4,239	164,059	194,565
1915	9,112	1,352	20,311	5,201	208,509	244,485
1916	3,690	.....	20,212	4,254	149,325	177,481
1917	6,241	.....	21,779	1,941	119,903	149,864
1918	5,324	.....	37,165	1,480	167,524	211,493
1919	8,200	.....	38,353	10,712	152,616	209,881
1920	.....	.....	.....	.....	.....	210,128

Mr. CHENEY. The exports from Japan to Europe decreased during this entire period. The exports from Japan to India increased considerably at that time. The exports to the United States took up practically the product of the imported machinery.

Senator WATSON. What about exports from the United States?

Mr. CHENEY. The exports of silk goods from the United States are negligible.

Senator LA FOLLETTE. What was the increase in tonnage in the United States during that period?

Mr. CHENEY. I have not that available. It is considerable. I should say that the increased expenditure was greater than the increased yardage. I should say that perhaps there was an increase of 50 to 75 per cent in the value of product of the United States during one or two of those years the actual yardage was not greatly increased. During the last two years they have been running, as I will show you in a moment, on a very reduced basis, and the importations are continuing to increase in quantity.

Senator SIMMONS. Do you think there was no increase in their exports to the United Kingdom, notwithstanding they have had probably no tariff at all there?

Mr. CHENEY. There was actually a decrease during the period of years of the war.

Senator SIMMONS. The increase to this country as against Great Britain. We had a tariff in this country—some tariff, but not enough; they had none over there?

Mr. CHENEY. Yes.

Senator LA FOLLETTE. There was a tremendous increase in the selling price of cotton goods in this country during this period, particularly the war period I speak of, was there not?

Mr. CHENEY. Of course, I am not speaking of cottons, but there was a great increase in the price of both cottons and silk. The price of raw silk increased tremendously. It got up at one time to over $15 a pound.

Senator LA FOLLETTE. But the increase in the selling price of cotton goods had an influence, did it not, in increasing the importations into this country of the Japanese silk goods?

Mr. CHENEY. You can not make anything that a woman wears on her back without affecting every other thing that every other woman wears.

Senator SIMMONS. I think I can tell you one of the reasons for greatly increased importations into this country of silk during the war. Wages were so high; money was so plentiful, that even the laboring man stopped wearing cotton shirts and began to wear silk shirts, stopped wearing cotton stockings and began to wear silk stockings. The consumption was enormously increased in this country because people had so much money and their fancy ran into silks for underclothes.

Senator MCLEAN. That is not so now?

Senator SIMMONS. Oh, no, not to the same extent. Still they are very much used now; we have not got out of the habit yet. In some lines of industry in this country they are getting mighty high wages yet and in a good many lines they are not getting any wages at all. But the chart indicates that notwithstanding you have 4,000,000 or 5,000,000 out of employment, the importations of these goods is increasing at this time.

Mr. CHENEY. It increased approximately, if these statistics I show are correct, 50 per cent in the past year.

Senator SIMMONS. I want to call Mr. Cheney's attention to the fact that the Monthly Summary shows that the importations of silk fabrics from Japan for the first 10 months, 1920, were $26,418,312, and for the first 10 months in the year 1921 they were only $16,008,000.

Mr. CHENEY. You are dealing with dollars and I am dealing with actual quantities in yards of importations, with the price cut in two in the meantime.

Senator SIMMONS. Yes.

Mr. CHENEY. The price has affected the dollars—prices were practically cut in two.

Senator SMOOT. Were you dealing with piece goods alone, or all forms of importations?

Mr. CHENEY. This is simply importations of habutai alone I am talking of.

I am a little sorry that Senator La Follette has left, because I want to show a chart which would interest him, from the questions he has

asked. It shows the history of the price of silk goods as ascertained by taking the 10 principal items of our manufacture covering the entire field for the entire time of the war, showing what the record of their prices was, and on the same chart showing the prices of the materials and labor that went into them, by which it appears that in the silk industry prices have always lagged behind the prices that were paid for raw silk, and for spun silk and for labor, and never reflected the high peak at all.

(The chart referred to by Mr. Cheney and exhibited to the committee was printed in House hearing, Part IV, pp. 2828–2832.)

Mr. CHENEY. You will see that this heavy line is always below the lines of all the factors that went into it, except for the brief period, and that now the prices of silks have suffered very much more heavily than have the things which go toward making them up, wages and so on.

Senator SMOOT. For my information, I want to ask you what effect did the importations of silks at the high prices that were held in bond and then sent back to China and sent from China to the United States have on the figures of the importation?

Mr. CHENEY. I do not think there were enough such things done to affect the final result materially. There was, I am told, some invoices of goods shipped back there, but I did not know of any evidence that there was any considerable quantity, and I think the evidence is rather of the reverse, that they were very small, and the fact that the importation has continued to mount all the time would indicate that there was no reason for reexporting; that if there was a reexportation it was an individual case, and was not part of the main result.

It would appear, if the chart presented by Mr. Kridel for the year 1919 was correct, that there was a considerable exportation during that year; goods withdrawn from bond and returned to escape the payment of duty. The price of such goods for the year 1920—between January and July of that year—according to the figures prepared by the Tariff Commission in a report to the House fell (for 6½ momme habutai) from $1.15 per yard to 45.7 cents in July. These prices before the year was over fell as low as 36 cents, since which time they have risen to something over 50 cents, but the figures available for the year 1921, according to the last published report, indicate that the goods exported from the United States have all been reexported to the United States, and as much more in addition as would make up for their having been exported.

I present your committee with a series of charts[1] that show various factors in the silk industry, such as the history of wages and the costs of living, and all other factors. They are charts from the statistics of our own company.

Senator SIMMONS. Mr. Cheney, did they not have over there in Japan some time ago a panic in the silk industry very much like the panic which occurred in the sugar business in Cuba?

Mr. CHENEY. That was a panic, primarily, in raw silk rather than a panic in silk goods.

Senator SIMMONS. Did that not affect the price of the finished silk?

Mr. CHENEY. Oh, my, yes.

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[1] On file with committee. Some of these charts may be found in Part V of hearings before the Ways and Means Committee of the House.

Senator SIMMONS. Did not that lead to the desire on the part of the producers to dispose of their goods at anything they could get for them in any market where there was a demand for them?

Mr. CHENEY. That perhaps may have entered into the question.

Senator SIMMONS. It did in sugar, and I thought it might have done so in the silk industry.

Mr. CHENEY. I could not say whether that was a real factor in the case or not, but the fact that the continuous mounting and continuing increase of products from Japan shows it was not the dumping of surplus stock at one time that brought about the situation; it is a steadily mounting factor, year after year, for the last seven years. That is not dumping a surplus nor can it be accounted for by saying there were goods shipped back and then returned here again.

It is just going right uphill every year.

Senator SIMMONS. Do you anticipate that in the future there will be any surplus consumption of silk goods in this country as we had during the flush times of the war?

Mr. CHENEY. I think that we will see an increase in the consumption of silks; yes, as time goes on.

Senator SIMMONS. Over the consumption over the peak years of the war?

Mr. CHENEY. Oh, yes; I think so, in the course of time. But another factor that bears particularly upon what you have to say, Senator Simmons, is this: The French nation had very large business in making goods—just exactly the same kind of goods that Japan made—and the converting industry in France was more powerful politically than was the weaving industry, and in spite of the fact that France has always considered silk as the "particular jewel in her crown," they lowered and almost removed the duty on woven silk goods, with the result that France has entirely lost that weaving industry, in spite of the fact that she is very much more advantageously situated than we are for competition, and to-day a very large part of the goods which we get from France are really produced in Japan and China and Central France and there dyed and finished and sent out as French goods.

Senator SIMMONS. And is not that probably because of the destruction of the French factories during the war?

Mr. CHENEY. The whole thing took place before the war. The industry was practically extinct before the war began.

Senator SIMMONS. France has lost her silk business?

Mr. CHENEY. France had lost her silk business to Japan prior to the beginning of the war, in the production of piece dyed goods of that character which has been under discussion.

Senator SIMMONS. Does she continue to export at all?

Mr. CHENEY. She exports converted goods which she imported from Japan in the form of gray or boiled-off condition.

Senator SIMMONS. What other country in Europe is a large silk manufacturing country besides France?

Mr. CHENEY. The United States to-day manufactures more silk goods than the whole of Europe. But France is the largest one. The next to France is Italy, and then Switzerland and Germany.

Senator SIMMONS. Has Italy lost her business, too?

Mr. CHENEY. Italy never was a great factor in producing that field of piece dyed light-weight goods.

Senator SIMMONS. Then Japan has largely at this time the silk trade of Europe?

Mr. CHENEY. She has that particular part of it, yes—the piece dyed and printed habutai field. That does not mean that she dyes and prints that in Japan. They weave the goods in Japan, send them to Europe and they are there dyed and printed and sold under the trade-marks of the various manufacturers.

Senator SIMMONS. Since France was the greatest manufacturer of silks in Europe, if she lost her business to Japan practically the whole of Europe would have also lost their business?

Mr. CHENEY. Of course, you know sir, I do not mean to say that France lost her entire silk business. They lost this section of the silk business, which is an important section.

Senator SIMMONS. You mean lost her market in the United States?

Mr. CHENEY. No; they lost their market in their own country.

Senator SIMMONS. That is what I am saying; if France lost the market in her own country to Japan, France being a great producer of silks, I suppose that all the balance of Europe must have become customers of Japan.

Mr. CHENEY. As far as this factor is concerned.

Senator SIMMONS. But I thought you said a little while ago that Japan had not increased her exports of silks to Europe?

Mr. CHENEY. This took place long prior to the war; the actual yardage consumption of silk fell off during the war.

Senator SIMMONS. Then, Japan had the European markets before the war, practically?

Mr. CHENEY. Yes.

Senator SIMMONS. Without reference to the tariffs in this country or that country, they had the market?

Mr. CHENEY. Practically, of that particular section of the business. Of course, the yarn-dyed business she did not touch, and some of the rest of it.

I will present your committee with charts showing the idle looms. This is what Senator Penrose asked about.

Senator SIMMONS. Do you know what tariff duty France had on silk at the time Japan was capturing the market from her?

Mr. CHENEY. I could not tell you now, sir; it was a specific tariff originally, and it was a graduated tariff.

Senator SIMMONS. I suggest if you do not know that you just look it up and give it to the committee later.

Mr. CHENEY. I will do so.

Senator SIMMONS. It might be very illuminating in connection with your tariff argument to us.

Mr. CHENEY. Of course, the duties were lower in France than they are here. But I have at home a history of tariffs of the world that will, I am sure, give me that information.

(The matter was subsequently furnished and is as follows:)

It appears from the records which follow that there was a silk tariff from 1873 to 1884, from which time apparently silks were free. It was during this period that I presume distress in the French weaving industry came prominently forward. I have been unable to find in my records copies of memorials of the French weaving industry to the French Government, which have become misplaced. The following is the substance of one of these memorials:

France enjoyed a very large production of silk weaving for the production of materials for special dyeing and printing, but the dyers and converters of France saw the possibility of doing a large business by the importation of Japanese and

Chinese fabrics, which they claimed would otherwise be done by other countries, in which no import duties were charged, and that France would thereby lose the conversion of such goods for the markets of the world, and so by misrepresentation and undue influence on their part with the political situation, they secured abolition of duties upon silk goods, with the result that the industry of weaving materials for piece dyeing and printing which had been a very important industry in France was completely ruined, and that their looms were idle, their people out of employment, and that they petitioned to Parliament for a relief and for reenactment of duties to protect the weaving industry of France. They were to some extent successful, as duties upon some goods were reimposed, but a considerable variety of fabrics of oriental origin in the unbleached and undyed condition were specifically exempted, and retained free, and it remained so until 1910, in which tariff they still pay only one-half of the duty of colored or printed goods.

If I am able to discover a copy of this memorial mentioned above, I will submit it to the committee.

French tariff rates.

[Supplied by silk association.]

Year.		Rates per 100 kilos, in francs.	
		General.	Minimum.
	IMPORTED SILK FABRICS OR TISSUES.		
1873	Tissues of pure silk, scarfs or foulards, crape hosiery, trimmings	(1)	[2] Free.
1884	Tissues of pure silk, scarfs or foulard, etc	Free.	
1892	Silk fabrics:		
	Foulards, crêpe tulle, hosiery, trimmings, etc	Free.	
	Coarse silk for furniture, weighing 250 grams to the square meter	186	
	Fabrics of silk mixed with silk waste	372	
1899	Tissues of silk, floss silk, and tissues of all kinds of artification silk:		
	Tissues and foulards of pure silk—		
	Unbleached		400
	Colored, other than black		240
	Black		200
	Tissues, foulards, crêpe, tulle of pure silk	600	400
	Tissues, spongy, corah and tussah or tussor	Free.	Free.
	(Only tissues of non-European origin, manufactures from unbleached silk, neither sized, dyed, nor printed.)		
	Tissues of floss silk, pure, unbleached, bleached, dyed, or printed	250	200
	Tissues of waste floss silk, for upholstering, weighing more than 250 grams per square meter	200	150
	(Tissues of silk mixed with floss silk, the floss silk predominating in weight, as tissues of pure floss silk.)		
	Tissues of silk or floss silk mixed with other textile materials, the silk or floss silk predominating in weight	375	300
	SILK PIECE GOODS OR TISSUES.		
[3]1910	Fabrics of silk, of floss silk, and of artificial silk:		
	Pongee, corah, tussah or tussor, woven like linen or serge, or twilled, of non-European origin—		
	Habutai and the like—		
	Unbleached	600	375
	Boiled, but not bleached, dyed, coated nor printed	900	600
	Shantungs, honan, assan and others, unbleached or merely boiled, but not bleached, dyed, coated, nor printed	600	375
	Foulards, crêpes, tulles, trimmings and all other of pure silk—		
	Of Italian origin	600	
	Of origin in the countries of the Far East	1,500	[4] 900
	Of any other origin—		
	1. Crêpes, tulles, and trimmings	1,500	400
	2. Velvets and plushes	1,500	600
	3. Muslins, grenadines, voile and the like, plain or figured	1,500	600
	4. Gauze, etamine, plain or figured	1,500	400
	5. Plain gauze, for bolting, including boltercloth	1,500	400
	6. Close-woven fabrics, foulards, and all other fabrics not specified under 1, 2, 3, 4, or 5 above—		
	Unbleached	1,500	500
	Colored other than black	1,500	325
	Black	1,500	250

[1] 288 to 1,727.20 francs per 100 kilos.
[2] Conventional.
[3] The French tariff was radically amended in 1910, based on the tariff act of 1892, which had been amended previously in a few minor particulars, but not a general revision, which is given as a matter of interest.
[4] China and Japan.

Mr. CHENEY. We have not been able to get complete statistics of the question of the idleness of the industry for the last few months. I have here a chart which shows the idleness for the months of last spring.

The final result is that last spring showed about 55 per cent of the looms were in operation, and that in November approximately the same number of looms were in operation, but then and now about 65 per cent of those looms which are in operation are running on short time, and that the industry is not producing more than 50 per cent capacity. The conditions of the industry are bad and the records of failures for the last two months are the greatest in the history of the business.

I just want to call your attention to two factors, and then I am through. These are individual items. The worst competition in the silk industry has been by Japan, but in that case the foreign exchange does not play a really important part, and American valuation, or other device similar, does not materially affect the situation. But exchange does greatly affect the situation, of course, where there are industries which compete with Europe very largely, particularly the spun-silk industry. There the chief competitor is the great combine of the silk spinners of Europe; then the velvets have to compete with the velvet center of Krefeldt, in Germany.

Senator MCLEAN. Define that combine of Europe. What do you mean by that?

Mr. CHENEY. That is what they call in Europe a cartel, a group of manufacturers operating together in unison for various purposes, fixing prices and purchasing together. They control practically the entire silk business of the world, except what is made in the United States.

Spun silk has been imported into the United States during the last year at prices which are less than the cost of the production of the goods in this country.

For instance, last spring 60/2 was imported into the United States at $3.88 per pound, when the cost of producing an equivalent quality in our mill in this country was $4.45.

Senator DILLINGHAM. Where did that come from?

Mr. CHENEY. Switzerland, France, and Italy—all three have the same price for equivalent grades. In the velvet schedule we particularly call your attention to the subject of "hatter's plush," which formerly has been imported on a basis of 10 per cent duty on the theory that it was a fabric not made in the United States, and confined exclusively to the manufacture of men's silk hats; yet the records of importation show that as the use of men's silk hats has decreased that the importation of hatter's plush has increased enormously—about 10 times, from some 43,000 to 450,000—and we ask the elimination of this clause from the tariff, and that hatter's plush take its proper place in the ranks of other pile fabrics, and that the importation of material for making women's dresses and hats can not be covered in that clause, and come in under improper classification.

I have here a large amount of charts and other material. It is immensely technical; it goes into details that will cover any subject.

Before Senator Simmons asked me that question I should have said they would answer any question anybody could ask in the silk

industry, but he went back about 30 years and I was not quite prepared for him.

Senator McLEAN. You stated your business was not operating 50 per cent?

Mr. CHENEY. Approximately, on the average.

Senator McLEAN. How many individuals does it employ?

Mr. CHENEY. I have got that somewhere. I am a little afraid to quote exactly. I am afraid to say offhand how many there are. My impression is about 130,000 employees in the silk industry, employed in the direct manufacture of silk. There would be a large number in the subsidiary occupations.

The 1919 census figures show a total of 127,000 wage earners in silk industry. Reports for 50 per cent of the industry in answer to special inquiry by the Silk Association of America indicate that of this number there were unemployed in the silk industry on January 1, 1921, 54,000; September 1, 1921, 28,000; September 26, 1921, 31,000.

Senator DILLINGHAM. In revising your remarks you can put in those figures.

Mr. CHENEY. Yes; I can get those for you very shortly.

Unless there are other questions that you desire to ask me, or unless you desire me to go into greater detail, I am through.

The CHAIRMAN. Mr. Cheney, I hope you will comply with Senator Dillingham's suggestion and put anything more in the record you think desirable for the information of the committee and carefully examine the record to see that there are no errors in it, after which it will be printed.

Senator McLEAN. You have not said anything about the rates that you think you require.

Mr. CHENEY. I said this, that increased specific rates we have been told we can not have. I can see the political difficulties of securing them. However, if we are to rely upon ad valorem rates, those rates will be entirely dependent upon whether it is American valuation or foreign valuation. In one case it will be quite different from what it will in the other. But in any case the rates which are enforced to-day under the present tariff bill are entirely inadequate to meet the situation, and they are causing a serious condition in the trade.

Senator SMOOT. Have you made up your mind as to what ad valorem rates would be on foreign and American valuation?

Mr. CHENEY. Yes, sir; I can give you each bracket, what we think there should be. There are a dozen or more different brackets.

Senator SMOOT. Yes, but take paragraph 1205, woven fabrics in the piece, composed in chief value.

Mr. CHENEY. There is a basis of 31 per cent in the House bill, which is inadequate; it ought to be at least 38 per cent. Each ad valorem should be increased by varying amounts of from 5 per cent to 8 per cent.

Senator SMOOT. On the American valuation?

Mr. CHENEY. On the American valuation. Or if it was on the foreign valuation it ought to be 55 per cent instead of 31 per cent.

Senator McCUMBER. What wages are you paying in your spinning room?

NOTE.—The average earnings of spinners are 53¼ cents per hour.

Mr. CHENEY. I have the wages here of all of our occupations. But our average throughout the plant is 51 cents per hour.

Senator McCUMBER. And what is it for what we call ordinary skilled labor?

Mr. CHENEY. The women's rates to-day, the lowest rates in the plant, are 40 employees at 27½ cents.

Senator McLEAN. What do they do?

Mr. CHENEY. Oh, those are children, chiefly. We have 120 at 30 cents an hour, and then we get the largest peak of our entire list, which is 365 persons, who get 47½ cents per hour.

Senator McLEAN. That is your own mill?

Mr. CHENEY. Our own mill.

Senator McLEAN. How many do you employ in all?

Mr. CHENEY. Approximately 5,000.

Senator CALDER. Where is your mill?

Mr. CHENEY. South Manchester, Conn.

Senator SMOOT. So that I may thoroughly understand what you meant—the ad valorem suggested by you would mean on all weaves and fabrics irrespective of the size of the thread.

Mr. CHENEY. Yes. We are the only silk manufacturers in the world that make practically everything there is out of silk. So we can not be accused of having one special interest that we want to cover more than another. We make broad goods, silk goods; we make velvets, ribbons, and practically everything else there is made out of silk, excepting sewing silks, which is what we started in business with.

Senator SMOOT. And even during war times you could not afford to wear silk shirts?

Mr. CHENEY. I wear silk shirts, and I have worn them a good many years, because I find them quite as economical as cotton shirts, as they last longer and are more comfortable.

Senator McLEAN. How much have you reduced your prices?

Mr. CHENEY. Just about half.

Senator McLEAN. That is, you have reduced your prices on your goods 50 per cent?

Mr. CHENEY. Approximately.

Senator McLEAN. And your wages 20 per cent?

Mr. CHENEY. Yes.

Senator CALDER. In your statement do you give the wages of men and women in Japan?

Mr. CHENEY. I put a complete statement of those in the House brief—that is all published in the Ways and Means Committee report—and I did not duplicate the statement here because I thought that was available for you. If you want it, I will duplicate it.

Senator CALDER. Duplicate it here, please.

SILK WAGES.

A comparison of those reported in the brief of the Silk Association presented to the Ways and Means Committee in 1913 with the latest available information. In considering European wages to-day it is necessary to take into account the exchange situation.

Wages per day in the United States.

	1920		1913	
	High.	Low.	High.	Low.
Weavers (men)	$8.25	$4.50	$3.00	$1.00
Winders (women)	5.10	2.75	1.40	.50
Machinists (men)	7.90	6.25	4.50	2.00
Dyers (men)	7.00	4.65	2.50	1.65
Children	3.75	2.00	1.00	.40
Spinners (girls)	5.70	2.50	1.50	1.00

Hours, 1920, 44 to 50; 1913, 48 to 60.

Average wages per day in Switzerland.

	Francs.	Normal.	Exchange.
Weavers (men)	12.6	$2.50	$1.98
Winders (women)	10	2.00	1.57
Machinists (men)	24.1	4.80	3.79
Spinners (girls)	10.5	2.10	1.65

Wages per day in Japan and China.

	1920.		1913	
	High.	Low.	High.	Low.
JAPAN.[1]				
Reelers (female)	$0.425	$0.235	$0.22	$0.07
Weavers	1.25	.60	.20	.10
Machinists	2.00	1.00	.40	.20
Winders	.70	.50	.10	.08
CHINA.[2]				
Reelers (female)	.40	.30	.13	.07

[1] Japanese wages taken at peak.
[2] Very meager wages; wages approximately double.

France.—The French wages are very much disturbed, but will follow Swiss level.

Italy.—1914 (11-hour day): Weavers, 2.7 lire ($0.52); loom fixers or machinists, 5.5 lire ($1.10); winders, 1.45 lire ($0.29); warpers, 3 lire ($0.60).

1920 (9-hour day): Weavers, 16½ lire ($3.25), exchange, $0.62; loom fixers or machinists, 25 lire ($5); exchange, $0.94; winders, 7.94 lire ($1.59); exchange, $0.39; warpers, 17 lire ($5.40); exchange, $0.64.

Germany.—Weavers paid 300 to 500 marks per week, which with marks at 1¾ cents, equals $8.75 per week.

EXCHANGE LEVELS.

French	13.67 francs per $1.
Italian	26.67 lires per $1.
Swiss	6.35 francs per $1.
German	57.1 marks per $1.

One franc equals $0.073; 1 lire, $0.037; 1 franc, $0.1572; 1 mark, $0.0175.

The minister of agriculture and commerce in Japan reported the following wages for women: High, 0.47, 0.85, and 1.90 yen; low, 0.23½, 0.42½, and 0.95 yen, which wages are higher than reported from other sources.

The American Silk Mission reports having found at the very peak of the highest wages in the month before the financial crash, experienced reelers paid $0.35 per day, United States gold, with other additions at that time equal to as much more, with fines and additions for imperfect work of an unknown amount, in some cases reported to be as large as the additions, giving a wage range of from $0.35 per day up to as high as $0.70. We append their report in regard to wage conditions found at that time, which are admittedly very different to-day.

"*Reeling girls.*—These girls are usually apprenticed by their parents to the filatures, at the age of 13 to 14 years, for terms ranging from 3 to 7 years. At the expiration of the apprenticeship contract new contracts are entered into annually, for periods of one year. The girls live in the factory inclosures, being supplied with dormitories and food by the employer. The working day is ordinarily of 11 to 12 hours of actual working time, in addition to their meal times and rest periods, so that the working day extends over a period of 13 to 14 hours. In most establishments there are two days of rest during each month. Sometimes the filature is closed during the rest days, and in others the filatures operate continuously without stoppage, but the girls are given days off in rotation twice a month. Customarily the establishments are closed during January and February, and also for one month at the end of the spring period, about the middle of May. The establishments are uniformly clean and the girls appear to be well cared for and look well nourished and contented. They are extremely attentive to their work and there is every evidence of strict discipline and a highly developed organization. In the best places provision is made for care of the sick and injured, in infirmary quarters, and the service rendered is free, with the exception of a small charge for medicines. Wages are not paid during the time off, and the period of rest allowed is arbitrarily determined by the administration. During the first year or two of apprenticeship in the best regulated places, one-half of each day is devoted to factory work and the other half to education, which consists of teaching in primary grades, with the addition of sewing, cooking, housekeeping, etc., and often with some technical instruction in regard to the work of the establishments. Apprentices receive about one-third the wage scale of the experienced hands. Experienced reelers were paid 35 cents per day, United States gold. The equivalent value of the food supply was variously estimated at from 25 to 25 cents, and the value of the lodging at from 10 to 15 cents. In some places there is also a system of fines and bonuses for bad or good work, which adds to or takes something from the above wage scale. It is also a general practice to distribute, at the end of each year, a sum which seems to be in the general nature of profit sharing. The amount is not fixed by any prearranged percentage or proportion of profits, but is dependent upon the decision of the administration. We were told that during the last year this bonus had been not less than 70 per cent of the cash wage and in some establishments it had run as high as 100 per cent. It seemed to be the consensus of opinion that in normal times it had amounted to from 10 to 15 per cent. In some cases the parents receive a cash payment of, say, 50 yen at the time they execute the contract of apprenticeship. In other cases there is no such payment.

"It should be understood that during the existence of contract, either for the apprenticeship period or for subsequent periods, the operative is very nearly the property of the employer. Permission to leave the grounds is only granted occasionally for special reasons, although the practice in regard to this matter varies a good deal.

"*Weaving shop wages.*—I was only able to secure such information in one instance. In this establishment the employees' food and lodging was estimated at about 30 cents, 15 cents of which was deducted from the pay, so that the expense was divided evenly between the employee and the establishment. The day rate of pay was as follows:

Winders	$0.50
Warpers	.75
Twisters	.75

"Women weavers were working at a piece rate of 3 yen per piece of 30 yards of georgette, and were operating one loom, making goods 40 inches wide in the reed. It was said that at this rate they earned about $1 per day. I am not quite clear as to whether there was any annual bonus to be added to this or not."

NOTE.—I am adding certain matter as material of interest brought out at the hearing the following day, as well as additional material having bearing upon the question of power looms in Japan. Please find translation (attached) from Bulletin Des Soies et Des Soieries of February, 1912, from which it appears that even at that early date that Japan had made a very material change toward substituting power-loom machinery for their old hand looms, which one of the witnesses intimated was still the basis of their production. At the same date the Japanese Government published a statement that they were manufacturing more goods upon power-loom machinery than upon hand looms, as appears in the report; nevertheless, in estimating the part played by machinery in cost of production, too great a weight should not be laid upon the process of weaving alone, as, for instance, one of the fabrics most talked about in the hearing was the Shantung pongee, in which in one

quality material the cost of weaving is 15 cents, where the total cost of manufacturing was 70 cents and the cost of the goods $1.33, these costs being costs to manufacture in the United States.

[Translation from Bulletin Des Soies et Des Soieries, Feb. 17, 1912.]

THE JAPANESE HABUTAI INDUSTRY—SUBSTITUTION OF MECHANICAL WEAVING FOR HAND WEAVING.

It is not only in Europe that the substitution of mechanical weaving for hand weaving accomplishes more or less slowly but surely, and in a way fatally, its work in the silk industry. The same economic phenomenon is produced in Japan in the making of habutai and, with a still greater rapidity, this transformation of old methods of work is being hastened in the country of the Rising Sun by an increase much more rapid still than in Europe of the cost of living and, consequently, of the pay of workingmen and workingwomen. We find upon this subject in the last bulletin of the Japan Financial and Economic Monthly interesting statistics. They teach us that in the same way as in France, Switzerland, Germany, and Italy mechanical equipment is increasing each year its domain to the detriment of hand weaving, of which the total decreases faster and faster. It is thus that from 1908 to 1909 the number of habutai looms has fallen from 42,637 to 40,075 and that the number of mechanical looms has risen from 4,930 to 8,127.

These figures are classified according to regions.

Total at the end of the year.

Provinces.	Mechanical looms.		Hand looms.	
	1908	1909	1908	1909
Fukui	730	1,896	17,838	19,341
Ishikawa	926	2,045	15,216	12,917
Toyama	340	396	1,882	1,701
Nagano	68	85	63	29
Fukushima	750	820	950	142
Kanamoto	552	1,250	5,996	5,404
Uzen	1,229	1,240	259	65
Kiriu	.....	.....	150	185
Miygagi	335	390	283	191
Total	4,930	8,127	42,637	40,075

The total of mechanical looms increases, as is seen, much more rapidly than the decrease of hand looms; the first gained 3,197 looms during the year 1909 and the second lost only 2,562.

The Japanese Journal adds that if one admits that this double evolution is continued in 1911 the number of mechanical looms will actually amount to 14,521 and that of hand looms about 39,950, and it calculates that the days of these last are numbered.

Up to the present time the production of mechanical looms is greater than that of hand looms, as shown in the following figures:

Production of habutais.

	1908	1909
	Pieces.	*Pieces.*
Mechanical looms	1,087,104	1,394,016
Hand looms	1,350,468	1,258,236
Total	2,437,572	2,652,252

COMBED AND SPUN SILK.

[Paragraphs 1201 and 1202.]

STATEMENT OF O. D. FROST, SOUTH ORANGE, N. J.

The CHAIRMAN. Where do you reside, Mr. Frost?

Mr. FROST. South Orange, N. J.; business address, 225 Madison Avenue, New York.

The CHAIRMAN. Where are your mills located?

Mr. FROST. Whitehall, N. Y., and Brooklyn.

The CHAIRMAN. Will you state as briefly as you can what your views are on this matter?

Senator SMOOT. In what paragraph are you interested?

Mr. FROST. Paragraphs 1201 and 1202, having to do with the spun-silk schedule.

My purpose in asking to be heard this morning is merely to amplify some of the things which were referred to in a general way by Mr. Cheney and Mr. McGill, with whom I am in hearty accord.

The CHAIRMAN. There is no use in repeating what they said.

Mr. FROST. I shall try not to repeat.

The CHAIRMAN. Have you anything we can print and thereby expedite the matter? We do not want to curtail you in any way.

Mr. FROST. I haven't anything.

The CHAIRMAN. Go on. If you are supplementing the very lengthy and elaborate statement made by Mr. Cheney, I do not think you will get very far.

Mr. FROST. I should like to be a little more specific with respect to some particular matters.

The CHAIRMAN. You may proceed.

Mr. FROST. Senator Smoot and Senator Watson asked one or two questions yesterday which I should like to answer a little more fully.

The CHAIRMAN. Very well. You may proceed.

Mr. FROST. In the course of Mr. McGill's testimony, I think, Senator Smoot asked how we justified the requested duty of 30 per cent ad valorem on peignées and a specific duty of 55 cents per pound, which, in response to your question, Mr. McGill stated was what we wanted.

The cost of labor in the manufacture of peignées is about 35 per cent of the total cost of material at present involved in their manufacture. The cost of labor in Japan, taking into account the relative efficiency of labor, is about 20 per cent of our own. They have also the advantage of having their raw material close at hand, and they save the expense of transportation and handling, etc., and getting it into this country. If you apply the 20 per cent of our actual labor cost, and take into account the difference in cost of material, the ad valorem rate of 30 per cent figures out practically the difference in our labor cost alone.

Now, in the manufacture of peignées it is important for the committee, I think, to know that, given a certain quantity of material, it is necessary to make three qualities of peignées. In the dressing process we first extract the long fiber, then the fiber of medium length, and the short fiber. On account of our labor cost we can extract only three qualities, while their labor cost is lower and they can extract drafts of four lengths and in some cases five lengths.

Now, it is necessary to have a specific duty, because while the ad valorem duty of 30 per cent will protect us on the long lengths, the high qualities, it might not protect and probably will not protect us on the drafts of shorter length.

The CHAIRMAN. Has not all that been gone into?

Mr. FROST. I have been here, and I have not heard it.

The CHAIRMAN. Were you here all day yesterday?

Mr. FROST. Yes; I was.

Senator SMOOT. This was in answer to a question I asked, why it was necessary to have 35 cents a pound for partly manufactured waste silk.

Mr. FROST. Fifty-five cents a pound.

Senator SMOOT. What are peignées worth a pound?

Mr. FROST. The average cost of peignées to-day is about $2.50 a pound.

Senator SMOOT. Do you think they ought to have 55 cents a pound on that?

Mr. FROST. I do.

Senator SMOOT. That would be 22 per cent.

Mr. FROST. When we speak of $2.50, that is the average cost.

Senator SMOOT. What does it cost you per pound to take the raw material and make it into peignées?

Mr. FROST. Our average cost, Senator, assuming those materials at such a price that the total cost is $2.50, our cost of labor is about 35 per cent, and of the material about 65 per cent, making our labor about 87½ cents and the material about $162½.

It has been stated by Japanese authorities that the Japanese, during the war, developed sufficient dressing capacity to consume the entire product of waste silk in Japan, and Japan and China are the principal sources of supply. Furthermore, the three large manufacturers in Europe who were referred to yesterday by Mr. McGill have organized plants with a capacity for the manufacture of spun silk, so that they are in a position, under the present tariff, to import peignées manufactured in Europe—European waste and Japanese waste—at a cost lower than we can produce them in this country. Of course, they operate as a trust, which we are not permitted to do in this country.

I want to give you some figures with reference to paragraph 1202, relating to spun silk. The figures are with regard to the capacity of Japan in the manufacture of spun silk. In 1920 the production of spun silk alone in Japan was 6,697,000 pounds. That is almost if not wholly equal to the production capacity of spun silk in this country. They have a capacity also of 2,431,000 pounds of ply yarns, which are yarns made from the by-products of the spinning industry. The increase of the production of spun silk in Japan in 1920 over the production in 1919 was 67 per cent. During the war they developed their dressing plants and after the war they developed spinning plants to such an extent that their productive capacity is now practically equal to that of this country. Therefore, Japan is a large potential competitor of this country in spun silk yarn.

Senator SMOOT. Do you agree with Mr. Cheney that it is necessary to have a duty of 32½ per cent on the American valuation or 48½ per cent on the foreign valuation?

Mr. FROST. I agree with Mr. Cheney that it is necessary to have an average rate of 32½ per cent on the American valuation.

Senator SMOOT. What about the foreign valuation?

Mr. FROST. That is a matter of arithmetic. It is from 46 to 48.

Senator SMOOT. The last two lines of paragraph 1201 provide that: "None of the foregoing shall pay a less rate of duty than 25 per cent ad valorem."

Mr. FROST. Yes, sir.

Senator SMOOT. Twenty-five per cent of $2.50 for peignées would be about 62½ cents a pound.

Mr. FROST. Yes, sir.

Senator SMOOT. And you are asking 55.

Mr. FROST. We are asking 55, and 30 per cent ad valorem.

Senator SMOOT. Thirty per cent ad valorem?

Mr. FROST. Yes; because that compensates for the difference in labor cost.

Senator SMOOT. Thirty per cent of $2.50 would be more than all the labor would cost.

Mr. FROST. No; it would not.

Senator SMOOT. It would be 75 cents a pound.

Mr. FROST. Yes, sir.

Senator SMOOT. It would be just about what your labor would cost.

Mr. FROST. Our labor cost is about 87½ cents, but the Japanese labor cost is about 10 per cent of ours. If our labor cost is 87½ cents, that would be about 9 cents a pound for them, allowing something for efficiency of labor.

Senator LA FOLLETTE. How much do you allow for the difference in efficiency?

Mr. FROST. In my figures I have allowed about double the wage rate. That is, if their wage rate is 10 per cent of ours, I figure their labor cost is about 20 per cent of ours. I wish to refer for just a moment to paragraph 1202, which has to do with the tariff on singles and ply yarns. We state that on the basis of the present rate of exchange labor cost in Europe is about 25 per cent of our own. I think the tariff rate which has been suggested by Mr. McGill of 32½ per cent is moderate. However, I believe that his suggestion also was that it might be well to make two rates, one on singles and one on ply yarns.

Senator MCCUMBER. You state that the labor cost in Europe is about 25 per cent of the American labor cost.

Mr. FROST. Yes, sir.

Senator MCCUMBER. Is that the same in different countries?

Mr. FROST. It differs somewhat in different countries.

Senator MCCUMBER. The British labor is considerably more than that, is it not?

Mr. FROST. Yes, sir. We have no competition in England. It comes from France, Switzerland, and Italy.

Senator MCCUMBER. Take France, Switzerland, and Italy. How does their labor compare with ours; is it one-fourth?

Mr. FROST. I am speaking of skilled labor, of our dressers, in our own industry. France is paying dressers from 20 to 25 francs per

day, which at the present rate of exchange would be from $1.60 to $1.90; we are paying for that same labor from $6.15 to $8.25 a day.

Senator McCUMBER. How much are they paying in Germany for that kind of labor?

Mr. FROST. I don't know. We have no competition from Germany.

Senator McCUMBER. They have not the material?

Mr. FROST. No, sir.

Senator McCUMBER. How about Japan?

Mr. FROST. So far as I can find, the labor in Japan, taking into consideration the relative efficiency, is about 20 per cent of ours.

Senator McCUMBER. And that takes into account the efficiency?

Mr. FROST. Yes, sir. We have some employees in our Yokohama plant, and we pay those girls 65 sen a day, which is equal to about 32½ cents a day in American money. That is about 10 per cent of our rate for the same quality of labor in this country.

Senator McCUMBER. About one-tenth?

Mr. FROST. About one-tenth. I have doubled that to allow for the relative efficiency.

Senator LA FOLLETTE. How much competition will you have with England in your line of products?

Mr. FROST. Competition with England is practically negligible. Our big competition comes from the three big manufacturers.

Senator LA FOLLETTE. England is engaged in this business, is she not?

Mr. FROST. In a small way.

Senator LA FOLLETTE. Do you know what the production is in England?

Mr. FROST. I have no figures on that subject. We do not think of England in this industry.

Senator LA FOLLETTE. Is not England trying to establish it?

Mr. FROST. So far as I know, they are not increasing their production, because England is a free-trade country and they can not compete with the trio on the Continent.

Senator CURTIS. They have lately issued orders protecting all the industries.

Mr. FROST. That may result in increasing the industry in England.

Senator McCUMBER. That does not help them to export.

Mr. FROST. No, sir.

Senator SMOOT. That is not classed as a key industry.

Senator LA FOLLETTE. How much competition do you have in your line of business?

Mr. FROST. In this country?

Senator LA FOLLETTE. Yes.

Mr. FROST. In 1920 the Treasury Department statistics show there were imported into this country 3,400,000 pounds of yarn. Mr. McGill gave figures yesterday on importations during several months of this year.

Senator LA FOLLETTE. Is that yarn used in the manufacture of plushes and velvets?

Mr. FROST. That yarn is used in the manufacture of pile fabrics of all kinds—plushes, velvets, shirtings, satin. It is used in a great variety of silk products. Our customers are the silk weavers of this country.

Senator LA FOLLETTE. What was the total value of the imports of plushes and velvets in 1919?

Mr. FROST. I don't know that, Senator. I haven't the figures before me.

Senator LA FOLLETTE. What was the total value of the production in this country?

Mr. FROST. On spun silk yarn?

Senator LA FOLLETTE. No; plushes and velvets.

Mr. FROST. I haven't that figure. Mr. Kip is a plush and velvet manufacturer and can give you those figures.

Senator LA FOLLETTE. What do you manufacture?

Mr. FROST. Spun silk.

Senator LA FOLLETTE. Is that separately classified in the Treasury tables?

Mr. FROST. Yes, sir.

Senator LA FOLLETTE. What is the total production of spun silk in this country?

Mr. FROST. As nearly as I can estimate it—there are no official figures—it is in the neighborhood of seven or seven and a half million pounds per year.

Senator Smoot has said this is not a key industry.

Senator SMOOT. I did not say that. I said England had not classified it as a key industry.

Mr. FROST. It is not generally so considered in this country. However, it is a very important industry in time of war. When the war broke out we were requested to form a corporation, and did form a corporation, to furnish the Ordnance Department with their supply of silk cloth for cartridge bags, and during the war about 80 per cent of the entire production of spun silk was used for that purpose. I simply call that to your attention because it would seem to be necessary to maintain that industry for war purposes.

STATEMENT OF M. C. MIGEL, REPRESENTING THE AMERICAN SILK SPINNING CO., PROVIDENCE, R. I.

Mr. MIGEL. I am treasurer of the American Silk Spinning Co., Providence, R. I. We employ about 1,100 hands in normal times.

In order to save the time of the committee, I have been asked to represent the Champlain Silk Mills, of Brooklyn and Whitehall, N. Y.; the Griswold Worsted Co., Darby, Pa.; Sidney Blumenthal & Co., New Brunswick, N. J.; National Spun Silk Co., New Bedford, Mass.; and Nonotuck Silk Co., Florence, Mass.

The industry employs approximately from ten to twelve thousand employees with an annual pay roll of approximately twelve to fifteen million dollars.

Of these plants, one is practically closed, most of them are running three days a week, and one or two are in more or less financial trouble. That condition, I suppose, exists in all industries more or less, as far as slacking down of work is concerned, but with us it is not due to lack of demand. It is a very dangerous condition which confronts the industry.

There is in Europe to-day an amalgamation of trusts in spun silk. Three of them are known jointly as the "dreibund." It is a combination of three trusts.

One of them is the Societie Industrielle Pour la Schappe, of Basle, Switzerland, with mills at the following places:

France—Briacon (Haute Alps), Tenay (ain), Roubaix, Reims, Argis.

Switzerland—Basle, Arlesheim, Grellingen.

Alsace—Soultzmatt.

That is one member of the combination. Another is the Societe Anonyme Filatures de Schappe, of Lyons, France, with mills in the following places:

France—St. Rambert-en-Bugey, Troyes-le-Vigan, Pierre-Benite, Amplepuis, Entraigues, La Croix-aux-Vines.

Switzerland—Kriens, Emmenbrucke.

Italy—Rozzano.

The third member of this combination is the Societe per la Filature de Cascami di Seta of Milan, Italy, with mills in the following places:

Italy—Novara, Meina, Zugliano, Artegna, Vigevano, Jesi, Targento, Boltiere.

In other words, they control 30 or more mills in Europe. In the last 20 years they have endeavored, as far as possible, either through purchase or suasion to acquire all mills in this industry on the Continent, and to-day they control 90 per cent of the entire output of the Continent. They hold directors' meetings monthly, generally in Switzerland. They actually agree as to the prices for the Continent as well as for America; also as to the amount of output, division of territory, increase of machinery, purchases of raw materials, and so on. They have separate agents in New York. On the same day prices are cabled over to these three agents; their customers are notified by telephone, as a rule, as to respective declines or increases in price, and these prices are always agreed upon.

We find that in a great many cases, particularly to-day, we are unable to compete with them, as prices thus arbitrarily made we are unable to meet.

Last year, 1920, there were imported $15,000,000 worth of spun silk, which is 25 per cent of the total imports of all silks imported into the United States. There were manufactured in the United States about $30,000,000 of spun silk, so that 50 per cent of the value of all domestic spun silk is imported to this country. Last year, 1920, there were 3,392,000 pounds imported, with a foreign value of $15,015,787.

In the three months of April, May, and June there were imported 821,000 pounds of this spun silk, at an average American value of $3,500,000. In the last four months, when we should have been busy, there were imported, from July 1 to October 31, 743,000 pounds, American value $3,000,000.

There is no market to-day to speak of on the Continent; it must be dumped here. So that we are facing that situation; and with the present duty we can not, whenever they see fit to send a sufficient quantity here, continue to stay in business. They will stop our machinery.

In one week in the month of April, 1921, there were imported 992 bales, or 2,740,000 pounds, of an approximate value of $900,000. It was like a tidal wave. It resulted in a drop in prices of $1 a pound at that time. This was far below the cost of production. The normal fluctuation in price is from 10 to 20 cents a pound. At one

crack they dropped $1 a pound. I am informed they booked orders for almost 1,000,000 pounds. Our mills were stopped.

Senator McLEAN. What did you say is the normal price for spun silk?

Mr. MIGEL. It varies. It depends upon the market. For a good quality to-day I should say $4 to $6. The drop of $1 a pound referred to stopped our business. All the spun-silk mills stopped business.

Senator SMOOT. Was that brought about by the panic in prices?

Mr. MIGEL. I beg your pardon.

Senator SMOOT. I asked if the sudden drop of $1 a pound on spun silks was caused by the panic in the raw-silk market of Japan?

Mr. MIGEL. There was no panic at the time. It was simply an arbitrary drop, which they admitted afterwards. They wanted to dump it, and they did.

Senator SMOOT. What year was that?

Mr. MIGEL. April, 1921. These people have gone further, however. They have decided to establish mills here. They have started a corporation here. They are importing, and have been importing, peignée, or combed silk, in a preparatory stage. Peignées require about 60 per cent of the labor that spun silk requires. They have been importing this peignée. Peignée is the trade name for combed silk. They manufacture that abroad and have been importing it here. It represents about 60 per cent of the labor cost of spun silk.

Senator McLEAN. What is it called?

Mr. MIGEL. Peignée. We call it combed silk. It is made from waste silk. All spun silk is manufactured from waste silk. It is a by-product of raw silk.

This combination have started here in America—they have each taken a proportionate share of stock in these mills, based upon the number of spindles owned by them, something which, if American manufacturers attempted to do, would be considered illegal in this country. We are not sufficiently protected under paragraph 1201, the one which I am discussing now.

Under the Fordney bill we are allowed 35 cents per pound on this peignée and the catch-all clause gives 25 per cent. That would not protect us. We could not live under that. We feel that we want to place before your committee the fact that an increase would be absolutely necessary in order for us to work.

Senator WATSON. How much did you say?

Mr. MIGEL. We would have to have 55 to 60 cents a pound specific and 30 per cent at least in the ad valorem catch-all clause. This would be the minimum that we could work under.

Senator WATSON. Why do you fix those particular figures?

Mr. MIGEL. Because that is the nearest we can get to it.

Senator WATSON. That is, taking into consideration your foreign competition?

Mr. MIGEL. Foreign costs and foreign labor, that we could live under. That we can prove to you. We can give you any figures that you desire.

Senator WATSON. That is what we are trying to do, make a protective tariff here.

Mr. MIGEL. Yes. I think in this particular case, if you view the percentage of importations to the manufactured product here, that you will reach the conclusion we are entitled to it.

Senator McLEAN. What amount of this material is imported?

Mr. MIGEL. Of this particular material?

Senator McLEAN. Yes.

Mr. MIGEL. The foreign combination has been started but a short time in this country. They have imported 117,000 pounds of peignées in a few months. This is simply a beginning. I haven't the statistics of importations lately. Naturally, they can manufacture so much more cheaply than we can that if they choose to bring this material in we can not compete.

Senator WATSON. Is it all a question of a difference in the wages of labor?

Mr. MIGEL. Absolutely.

Senator WATSON. You have the same machinery, have you?

Mr. MIGEL. Yes, sir.

Senator WATSON. And the same raw material?

Mr. MIGEL. Yes, sir. I have just returned from France and Italy. I returned last week. I was there to look over the labor costs on the ground. I have here a list of labor costs.

Dressers, who are our principal operatives on this work, are paid from $40 to $45 per week. That is an increase over the prewar period of about 130 to 140 per cent. In France they are paying 20 francs per day. Figuring 7½ to 8 cents to the franc it would make the rate about $9.60 per week. As I have said, we pay $40 to $45 per week.

In Italy I secured labor prices from our consuls and from the Chamber of Commerce of Genoa.

Senator McLEAN. What percentage of your product is labor cost?

Mr. MIGEL. The total labor cost?

Senator McLEAN. Yes; your conversion?

Mr. MIGEL. It depends upon the price of the article, of course, and the market. If the raw material is high, the percentage of labor would be less, naturally; if it is low, the labor would be proportionate. I should say, roughly, 60 to 70 per cent. It depends upon market conditions.

In Italy dressers get 30 lire per day, which would amount to about $7.80 per week. We pay $40 to $45. You can readily see that it is a very difficult matter to compete with 60 per cent of the labor on that particular article. I am not referring to the completed yarn. We feel, therefore, that we must request your careful consideration to this article of peignées. It is a serious question with us.

The Tariff Commission, an impartial body, in preparing data for use by the Ways and Means Committee, had this to say:

> It has been reported from time to time that leading European spun-silk producers are considering the establishment of spinning plants in the United States to work up into yarn peignée produced by them abroad. So far, however, no such plants have been established. Should such plants be constructed here, they would suffer no disadvantage in being dependent upon imported peignée, for they would not only possess an assured supply but would know the exact character of the waste used. In that case, unless peignée production by domestic spinners is sufficiently efficient, or the duty on peignée sufficiently high to make the cost of producing it in the United States as low as the cost of the imported article, plus duty, they would, despite their disinclination, probably be forced to use imported peignée in order to make spun silk cheap enough to sell in competition with the new concerns.

They are not aware of the fact, probably, that we could not buy, as it would mean we would have to close up or sell out 60 per cent

of our plants, as that proportion of our machinery is used in manufacturing up to peignées.

Senator McLEAN. This monopoly abroad would be likely to fix the prices on anything you want to produce?

Mr. MIGEL. I beg your pardon.

Senator McLEAN. This trust in France that controls this article would control the prices, would it not?

Mr. MIGEL. Yes.

Senator McLEAN. If you were dependent upon them for supplies, I mean.

Mr. MIGEL. They manufacture peignées in Japan, but as yet they are not reliable. There has not been much imported from Japan.

Senator SMOOT. Will you tell me what you want by way of a duty in paragraph 1202?

Mr. MIGEL. I am referring to 1201.

Senator SMOOT. Well, tell me about that.

Mr. MIGEL. Fifty-five cents minimum per pound specific and 30 per cent ad valorem, instead of 25, as the catch-all clause.

Senator SMOOT. Do you mean to say that you want 50 cents and 35 per cent ad valorem?

Mr. MIGEL. Fifty-five cents specific.

Senator SMOOT. In case it is a straight specific duty?

Mr. MIGEL. Yes.

Senator SMOOT. And 35 per cent ad valorem if it is an ad valorem duty?

Mr. MIGEL. Not less than 30, as a catch clause.

Senator WATSON. The customs officer wants me to ask this question: What is the cost of spinning per pound for each denier in America, Italy, France, and Switzerland?

Mr. MIGEL. I could not say offhand.

Senator WATSON. Can you get it for their information? They need it. Put it in the record later on.

Mr. MIGEL. I will write that down and afterwards give it to you.

Senator WATSON. The next question they want me to ask is this: What is the proportion of the cost of raw material to labor?

Mr. MIGEL. Here or abroad?

Senator WATSON. There, in those countries.

Mr. MIGEL. I will try to give you exact figures later.

Senator SMOOT. Do you think it is necessary to have 55 cents on the twisted or spun yarns just partially manufactured?

Mr. MIGEL. I am still referring to paragraph 1201.

Senator SMOOT. You ask for only 55 per cent of the finished fabric?

Mr. MIGEL. Or partially manufactured—55 cents per pound where it is now 35, and where it is 25 per cent in the catch-all clause should be at least 30.

Senator SMOOT. You want 30 per cent ad valorem?

Mr. MIGEL. Yes, sir.

Now, paragraph 1202, which is the spun silk. That is the finished article. We have been allowed in the Fordney bill a specific rate; it is rather long. The specific rate is actually an empty shell; it would not cover importations. As a matter of principle, for specific rates it is well to have it written, but it will not help us. As an illustration, let me refer to single yarn imported. Single and two-ply yarn are the two articles that are imported in a large way to make up this

$15,000,000. On 62 singles we are allowed under proposed specific rates 40 cents per pound and one-tenth of 1 cent per number—a total of 50 cents. Under the Underwood bill still operative the duty paid is $1.19 for a fair quality of 62 single yarn. The proposed specific rate allows us 50 cents per pound.

I think this proposed specific rate would be of no help.

On two-ply yarn the proposed specific rate allows us 50 cents per pound, plus one-tenth of a cent per number. This applies to 60 two-ply. That is paying now, under the Underwood bill, $1.35 for a fair quality of yarn. In other words, the specific duties allowed in the Fordney bill are of no present value whatever. So, it resolves itself into this, that the catch-all clause is the only thing we can get any help from. That is what should be increased, if possible.

Senator SMOOT. What increase do you want in the catch-all clause?

Mr. MIGEL. A minimum of 32.5 per cent American valuation on singles and on two-ply the same. It should be 35. We are asking for just an amount sufficient to enable us to get by. We would not desire to stop all importations. Some should come in anyway, but we think that we should be protected sufficiently to enable us to manufacture.

Senator SMOOT. Don't you think you are asking quite a high duty here—55 cents per pound on the weight—that is, the cocoons, the silk, and the noils?

Mr. MIGEL. I am now referring to paragraph 1202.

Senator SMOOT. Don't you think it is exceedingly high?

Mr. MIGEL. On the finished yarn the proposed specific rate is extremely low. The ad valorem duty to-day is $1.19 on singles.

Senator SUTHERLAND. I understood you to say that it was $1.19 under the Underwood bill?

Mr. MIGEL. Well, the value is based upon a 35 per cent duty. The value of the foreign article for a fairly good quality has been about $3.25.. That, multiplied by 35 per cent, would give $1.19. The duty is 35 per cent under the Underwood bill. We are allowed under the Fordney bill somewhat less than under the Underwood bill.

Senator SUTHERLAND. But you prefer 55 cents specific and 35 per cent ad valorem?

Mr. MIGEL. No. In order to get the proposed specific rate to cover us properly it would have to be doubled.

Senator SUTHERLAND. I mean, do you prefer 55 cents per pound specific duty?

Mr. MIGEL. I am afraid you are confusing the two paragraphs; 1201 should be 55 cents per pound with the catch-all clause. In 1202 there is a specific rate which is of no avail. It would have to be practically doubled. The specific rate may be considered best if sufficient.

Senator CALDER. While you were abroad you made some studies of labor costs, did you not?

Mr. MIGEL. Yes.

Senator CALDER. You talked to me about that before.

Mr. MIGEL. Yes.

Senator CALDER. I would be glad if you would incorporate that information in your remarks here.

Mr. MIGEL. I shall be glad to do so. It is based on information obtained from our consuls, chambers of commerce, etc.

Senator CALDER. Will you indicate where you got the information?

Mr. MIGEL. Yes, sir.

Senator SMOOT. Suppose we give you an ad valorem alone; what will you want in paragraph 1202?

Mr. MIGEL. We think it ought to be at least 32.5 per cent on the American valuation.

Senator SMOOT. American valuation?

Mr. MIGEL. The Ways and Means Committee allowed us 26 per cent.

Senator SMOOT. And on foreign valuation what do you want?

Mr. MIGEL. It would have to be translated upward in the same manner as it was translated down. I believe it was based on one-third down. I believe that is how it was arrived at.

Senator SMOOT. That would be 39 per cent if it were one-third off.

Mr. MIGEL. Thirty-nine?

Senator SMOOT. Twenty-six and one-third off?

Mr. MIGEL. That is correct.

Senator SMOOT. That is what this 26 means, if you take one-third off.

Mr. MIGEL. It was based on 39. We figure we should have 32.5 per cent American valuation, which would bring it up to 46 or 48 foreign valuation.

BRIEF OF M. C. MIGEL, REPRESENTING THE AMERICAN SILK SPINNING CO., PROVIDENCE, R. I.

We respectfully submit for the consideration of your committee the following facts on spun silk (schappe) yarn, and urge that the rates as proposed in the Fordney bill now being considered be changed as follows:

PAR. 1201. Silk partially manufactured from raw silk, waste silk, or cocoons, and silk noils exceeding 2 inches in length, not twisted or spun: Rate proposed in Fordney bill is 35 cents per pound, with a catch-all clause of 25 per cent ad valorem, American valuation. In order to afford proper protection this should be no less than 55 cents per pound, and the catch-all clause should be 30 per cent ad valorem, American valuation.

PAR. 1202. Spun silk or schappe silk yarn or roving: Rate proposed in Fordney bill in skeins, cops, or warps, if not bleached, dyed, colored, or advanced beyond the condition of singles, by grouping or twisting two or more yarns together on all numbers up to and including 205, 45 cents per pound, and in addition thereto 10 one-hundredths of 1 per cent per number per pound; exceeding number 205, 45 cents per pound, and in addition thereto 15 one-hundredths of 1 per cent per number per pound; if advanced beyond the condition of singles by grouping or twisting two or more yarns together at the rate of the single yarn and in addition thereto 5 cents per pound cumulative; if bleached, dyed, or colored, at the rate on unbleached yarn and in addition thereto 10 cents per pound cumulative: *Provided further*, That none of the foregoing shall pay a less rate of duty than 26 per centum ad valorem. In order to afford proper protection, this should be a catch-all clause of not less than 32½ per cent ad valorem, American valuation.

The slight increases asked for are absolutely necessary for the preservation of the spun-silk industry for the following reasons and facts:

COMBED SILK (PEIGNÉES).

Silk advanced in manufacture, etc.—This paragraph includes combed silk, the trade name for which is peignées. Peignées represent approximately 60 per cent of the labor of producing spun silk and require 12 mechanical operations from the raw material.

There is in Europe a manufacturers' trust in spun silk yarn that embraces 95 per cent of the production thereof, in Switzerland, France, and Italy. This trust is composed of the following large corporations: Societe Industrielle pour la Schappe, Basle, Switzerland; Societe Anonyme Filatures de Schappe, Lyons, France; Societe

Per la Filature de Cascami di Seta, Milan, Italy. This trust has mills in over 30 cities of Europe and controls approximately 95 per cent of the entire European production of spun silk yarns. In 1920 this European trust formed a manufacturing corporation in the United States, and committed what would be for United States manufacturers an illegal act.

Shares of stock in this American corporation are owned in proportion to the spindles operated by the said three corporations in Switzerland, France, and Italy. Machinery is also being imported from the trust plants in Europe and placed in these mills.

The trust is also importing partially manufactured silk known as "drafts" or peignées, under paragraph 1201, at prices far below the cost of production in the United States.

Japan.—Japanese manufacturers of spun silk and peignees have increased their machinery in Japan sufficiently to manufacture for export in the shape of peignees the entire yearly output of Japanese silk waste, and they contemplate exporting as much of same as possible. If this comes to pass, 60 per cent of the entire machinery of all American silk spinners would be compelled to shut down and cause a calamity for thousands of American operatives—a diaster to the American mills.

Silk waste is the raw material used by spun silk manufacturers, and of all the silk waste produced in the world, a great bulk of the total is produced in Japan.

War material.—A very important feature to be taken into consideration in the development of the spun silk industry is the fact that the spun silk industry was requested at the beginning of the last war to form a central clearing office for the assistance of the War Department. Practically the entire output of the American spun silk manufacturers was used by the War Department for the purpose of manufacturing powder bags. This spun silk was sold to the United States Government far below regular selling prices. The products of European and Japanese spun silk mills were taken by our allies for war purposes. Without this material our big guns could not have been effectively fired. The destruction of this industry might prove disastrous to the country at a future period.

In confirmation of the above, we beg to call your attention to a report of the United States Tariff Commission, called "Tariff Information Surveys," for the information of the Ways and Means Committee, in which they say as follows, on page 29:

"Owing to the difficulty of readily expanding dressing facilities, for domestic spinners to rely upon foreign production for any large proportion of their peignées supply would put them in a precarious position in case of monopoly control in the exporting country, or in case of war, when the character and volume of military demand for spun silk and noil yarns necessitates an abnormally large supply of peignées.

"The maintenance of domestic equipment for the manufacture of peignées is therefore of value as a war measure."

We respectfully ask of you and your committee a careful analysis of this paragraph 1201, and a study of conditions that had never before been anticipated, and which must be taken care of by an increased rate of duty if the industry is to survive.

We would also respectfully submit that this paragraph be amended to include silk partially or wholly degummed. Within the past two weeks a decision has been rendered by the Court of Customs Appeals allowing degummed silk to enter free of duty, contra to the original intention of Congress, and this decision would become a serious menace to the industry, the European trust being greatly favored as against American manufacturers.

We therefore would suggest that paragraph 1201 be made to read as follows:

"Silk partially or wholly degummed, or partially manufactured from raw silk, waste silk, or cocoons, and silk noils exceeding 2 inches in length, not twisted or spun, 55 cents per pound: *Provided*, That none of the foregoing shall pay a less rate of duty than 30 per cent ad valorem."

SPUN SILK (SCHAPPE) YARN, ETC.

American production.—American manufacturers of spun silk (schappe) manufacture approximately $30,000,000 annually.

Importations.—There were imported last year approximately $15,000,000 of spun silk (schappe) or 50 per cent of the spun silk manufactured in the United States. A large part of this importation could be manufactured in the United States if spun silk were sufficiently protected. Ninety per cent of all these importations of spun silk, or approximately $13,500,000 was manufactured and shipped to the United States by the Continental Spun Silk Trust, which is one of the most powerful in Europe.

Specific rates allowed.—The specific rates proposed in the Fordney bill now being considered, would be inoperative for a long period. Ninety per cent of all the imports

of spun silk are composed of 62/1 (100/1 French count)—singles; and 60/2 (200/2 French count)—two-ply.

	Per pound.
On 62/1 (100/1 French count) the specific rate proposed is 45 cents per pound, plus 1/10 cent per number per pound	$0.55
On a fairly good quality of imported yarn, duty paid to-day under the Underwood tariff is approximately	1.19
On 60/2 (200/2 French count) the specific rate proposed is 45 cents plus 5 cents per pound, plus 1/10 cent per number per pound	.70
On a fairly good quality of imported yarn, duty paid to-day under the Underwood tariff is approximately	1.35

So that the specific rates proposed in the Fordney bill now under consideration would be of no avail to the spun-silk industry at present, and the American manufacturers of spun silk would be compelled to rely for protection on the catch-all ad valorem clause.

Labor costs.—Wages of dressers, one of the most important mechanical operations in the manufacture of spun silk, are as follows to-day:

	Per week.
France, 20 francs per day, equivalent to approximately	$9.60
Italy, 30 lira per day, equivalent to approximately	7.80
American manufacturers pay per week	40.00–45.00
Japan, correspondingly lower than France or Italy.	

Wages for other operatives are about the same ratio.

Japan.—Japanese spun-silk manufacturers have increased and extended their output to a huge extent in the past few years. Of the 700,000 women employees in Japan, it is estimated by Dr. Kuwada, a Japanese member of the House of Peers, that over 10 per cent are children under 14 years of age—in many cases only 10 years of age. A large percentage of these children are employed in spun-silk mills. It would be manifestly unfair and impossible for American labor to compete against these conditions.

We respectfully submit the above facts for your consideration, and trust that same will have the attention of the Finance Committee of the Senate.

PILE FABRICS.

[Paragraphs 1201–1215, and 1453.]

STATEMENT OF FREDERICK E. KIP, MONTCLAIR, N. J., REPRESENTING AMERICAN PILE FABRIC MANUFACTURERS.

Mr. KIP. My name is Frederick E. Kip. I am president of the Salts Textile Manufacturing Co. Mills, Bridgeport, Conn.; president Salts-Griswold Mills, Darby, Pa.; and represent several other American pile-fabric manufacturers.

We are manufacturers of pile fabrics—velvets, plushes, and all fabrics having the pile or face extended in a vertical direction from the back of the fabric. We use all known textiles for the pile or face of our goods, but principally silk, raw silk, thrown silk, and spun silk, and mohair.

We earnestly petition that the rates under silk, Schedule 12, and paragraph 1453, Schedule 14, sundries, of the House bill be revised as follows, based on the American valuation plan:

Schedule 14, sundries, paragraph 1453, page 170, reading as follows: "Plush, black, known commercially as hatter's plush, composed of silk, or of silk and cotton, of the qualities and widths used generally in the making of men's hats, 10 per cent ad valorem," should be entirely stricken out, and paragraph 1206, silk schedule, amended to include "hatter's plush."

The purpose of this it to take silk plush—so-called hatter's plush—out of paragraph 1453, sundries, where it does not belong and where

it never should have been placed, and put it in paragraph 1206, silk schedule, where it rightly belongs and should be.

Amend Schedule 12, paragraph 1206, after the word "plushes," by inserting "including such as are commercially known as hatter's plush."

Schedule 12, silks and silk goods, paragraph 1453, page 170, to be stricken out, hatter's plush being now covered by paragraph 1206.

Paragraph 1201, page 126, line 1, before "silk" insert "silk partially or wholly degummed, or."

Paragraph 1201, page 126, line 13, should be "55 cents per pound" instead of "35 cents per pound."

Paragraph 1201, page 126, line 15, catch clause to be 30 per cent instead of 25 per cent ad valorem.

Paragraph 1202, page 126, line 23, after the word "pound" insert "*Provided*, That none of the foregoing shall pay a less rate of duty than 31½ per cent ad valorem."

Paragraph 1202, page 127, line 7, after "foregoing" insert "two or more ply yarns."

Paragraph 1202, page 127, line 8, for "26 per cent" substitute "35 per cent."

Paragraph 1203, page 127, line 23, catch clause to be 15 per cent instead of 12½ per cent ad valorem.

Paragraph 1204, page 128, line 4, catch clause to be 25 per cent instead of 20 per cent ad valorem.

Paragraph 1204, page 128, line 8, catch clause to be 30 per cent instead of 26 per cent ad valorem.

Paragraph 1205, page 130, line 11, should be 38½ per cent instead of 33⅓ per cent ad valorem.

Paragraph 1205, page 133, line 12, catch clause to be 38½ per cent instead of 31 per cent ad valorem.

Paragraph 1206, page 133, line 13, after "plushes" insert "including such as are commercially known as hatters' plush."

Paragraph 1206, page 133, line 18, catch clause to be 41½ per cent ad valorem instead of 33⅓ per cent ad valorem.

Paragraph 1206, page 134, line 3, catch clause to be 41½ per cent ad valorem instead of 33⅓ per cent ad valorem.

Paragraph 1206, page 135, line 1, catch clause to be 41½ per cent ad valorem instead of 33⅓ per cent ad valorem.

Paragraph 1207, page 135, line 9, should be 40 per cent ad valorem instead of 33⅓ per cent ad valorem.

Paragraph 1208, page 135, line 12, should be 41½ per cent ad valorem instead of 35 per cent ad valorem.

Paragraph 1208, page 135, line 14, should be 46½ per cent ad valorem instead of 40 per cent ad valorem.

Paragraph 1208, page 135, line 17, should be 46½ per cent ad valorem instead of 40 per cent ad valorem.

Paragraph 1209, page 135, line 20, should be 40 per cent ad valorem instead of 33⅓ per cent ad valorem.

Paragraph 1209, page 135, line 21, should be 46½ per cent ad valorem instead of 40 per cent ad valorem.

Paragraph 1210, page 135, line 23, should be 25 per cent ad valorem instead of 20 per cent ad valorem.

Paragraph 1211, page 136, line 2, should be 46½ per cent ad valorem instead of 40 per cent ad valorem.

Paragraph 1212, page 136, line 8, should be 46½ per cent ad valorem instead of 40 per cent ad valorem.

Paragraph 1213, page 136, line 15, should be 41½ per cent ad valorem instead of 35 per cent ad valorem.

Paragraph 1215, page 137, line 7, should be 28 per cent ad valorem instead of 25 per cent ad valorem.

Paragraph 1215, page 137, line 10, should be 42½ per cent ad valorem instead of 37½ per cent ad valorem.

Paragraph 1453, page 170, reading as follows: "Plush, black, known commercially as hatters' plush, composed of silk, or of silk and cotton, of the qualities and widths used generally in the making of men's hats, 10 per cent ad valorem," should be stricken out, as hatter's plush, as suggested above, would now be covered in the silk schedule, paragraph 1206.

There is only one paragraph where we are asking that the specific duty in the House bill be increased—viz, paragraph 1201. We ask that the specific duty on partially manufactured silk be made "55 cents a pound" instead of "35 cents a pound." It is imperative that there be a specific duty of 55 cents per pound in paragraph 1201, unless you wish to ruin the entire spun silk industry. The reason for that is—and I will be very brief on the subject—that there is this large trust that controls 95 per cent of the entire spun silk and schappe silk-spinning business in the whole of Europe, and they have 30 mills in different countries—in Italy, Switzerland, and France. In the manufacture of spun silk one of the processes, the main process of getting it from the raw stock, the raw silk, is known as dressing. The material is first cut up in certain lengths, then put in a large frame, which revolves very slowly with another circular drum with pins on revolving very much faster. That material comes in contact with the fast-revolving drum and takes out what is known as drafts or peignées. Those drafts first come in about 6 or 8 inch lengths. The second time out they become smaller, and the third and fourth time they get still smaller.

Now, the trust can take out two or three of those drafts and get about 60 or 70 per cent of that material out. The remainder they can leave in and they can sell that as a by-product at about one-fourth of the actual value. They can make that price anywhere they like. If they add 10 per cent on the first, second, or third drafts they get the other as low as they wish. They can sell it to the 30 cities where their mills are located. They have large preparatory works where this combing and dressing is done for these other mills situated in the 30 cities.

Senator SMOOT. You can do the same thing here, can you not?

Mr. KIP. We have no other people to sell to. We have to make the complete process in our own mills. If we were a trust existing in three countries and allowed to combine, we could do the same as they do, but under our antitrust law we can not do that.

Therefore, they can send that out in these short drafts at a price they can prove is a market price, sold to 30 of their own mills. Unless you have this specific rate you are liable at any time, when they so elect, to have them dominating this entire situation and putting us out of business whenever they choose. That is why we ask for this specific duty.

Senator WATSON. Is this last draft what you call peignées?

Mr. KIP. Those are peignées or drafts. The specific duties in the House bill are inadequate, on account of the advanced value, since they are incorporated in the Payne-Aldrich bill; but as we understood they would not be increased, we are not petitioning for those, but are giving you what in our opinion is the minimum amount of ad valorem that will enable this industry to continue.

Senator SMOOT. You want 55 cents a pound and 30 per cent ad valorem in paragraph 1201?

Mr. KIP. Yes, sir.

Senator SMOOT. Is that foreign valuation or American valuation?

Mr. KIP. That is the American valuation plan.

Senator SMOOT. That is the American valuation plan?

Mr. KIP. Yes, sir.

Senator SMOOT. That means you want 54 per cent of this partially manufactured waste?

Mr. KIP. You mean 30 per cent makes 54?

Senator SMOOT. No. Fifty-five cents a pound and 30 per cent ad valorem.

Mr. KIP. It is not "and." I wish to correct you on that. It is a catch clause.

Senator SMOOT. I am aware of that, but I understood you to say you wanted the 55 cents a pound "and" 30 per cent ad valorem.

Mr. KIP. No.

Senator SMOOT. That is not what you mean?

Mr. KIP. It says the catch clause to be 30 instead of 25.

Senator SMOOT. I asked you the question because I understood you to say you wanted 55 and 30.

Mr. KIP. I misstated it, if I did. The 55 cents is in there to cover——

Senator SMOOT (interposing). I understand you now.

Mr. KIP. All previous tariffs including even the Democratic tariff—Underwood-Simmons—of 1913, and the Wilson bill of 1893, have always accorded to velvets, plushes, and other silk-pile fabrics a higher rate of duty than silk piece goods, due to the fact that one of the principal raw materials used by pile-fabric manufacturers is spun-silk or schappe-silk yarn, which has paid a duty, in the different tariffs, of from 30 to 35 per cent.

The specific rates in the House bill are not anything like high enough to protect the American manufacturers and workmen in view of the present higher values. Nevertheless, we are only asking for an increase of one specific rate of duty—that is, in paragraph 1201, where we ask for "55 cents per pound on silk partially manufactured." We are asking, however, for slight additional ad valorem rates on the catch clauses of the different paragraphs of the silk schedule—equaling an advance over the House bill of from 2½ to 7 per cent. This advance is absolutely imperative if the industry is to continue the employment of the present operatives. The difference between the House rates and those asked for is not large and when you take into consideration the fact that silk velvets, plushes, and silk pile fabrics are articles of luxury, we feel that after due consideration the committee will see the wisdom and necessity of so increasing the rates over the House bill.

In the House bill, Schedule 14—Sundries, paragraph 1453, plushes, black, known commercially as hatter's plush, carry only a 10 per cent duty, whereas identically the same quality and grade of plush, only in a different width, in both blacks and colors, under the silk schedule, paragraph 1206, carries a duty of 33⅓ per cent—we are petitioning that this be advanced to 41½ per cent.

Paragraph 1453, Schedule 14—Sundries, reads as follows:

Plush, black, known commercially as hatter's plush, composed of silk or of silk and cotton, of the qualities and widths used generally in the making of men's hats, 10 per centum ad valorem.

The usual width of hatter's plush for the making of men's high silk hats is either 22 or 26½ inches. Therefore, if silk plushes, in black, of identically the same quality are imported in 17-inch, 18-inch, 19-inch, 20-inch, 21-inch, or in any width other than 22-inch or 26½-inch, under the House bill the duty would be 33⅓ per cent, whereas the duty on identically the same cloth and quality if in the 22-inch or 26½-inch width would be 10 per cent.

This clause has also existed in previous tariff bills and has always caused a great deal of difficulty in the customhouse. Years ago this hatter's plush clause favoritism cost the United States Government over $20,000,000 in refunds of duty.

From 1895 to 1910 the fashion was not strong for ladies' hats made of the hatter's silk-plush variety, although during 1917 and 1918 a considerable fashion for ladies' hats started thereon, which has gradually increased until to-day it is actually the leading millinery fashion in Europe.

I herewith present a lady's hat such as is being sold so extensively in Europe and America made from hatter's plush.

Senator McLEAN. What would be the duty on that hat?

Mr. KIP. The hat itself?

Senator McLEAN. Yes.

Mr. KIP. They don't import them that way. They import the goods.

Senator McLEAN. The material in that hat?

Mr. KIP. Ten per cent.

Senator McLEAN. Can you give the committee any idea what it would be in money, how much it would amount to?

Mr. KIP. On the foreign value?

Senator McLEAN. Yes.

Mr. KIP. Those goods on the foreign value are probably worth in francs—I will have to figure that out.

Senator McLEAN. You need not stop now. Go ahead.

Mr. KIP. I will give that to you very shortly.

This hat, as you will see, is made of identically the same material of hatter's plush as is used for the making of men's high silk hats.

I am showing this in both the 26-inch length and the lower grade of the same thing in 17 inches. This will pay a duty of from 33⅓ to 41 per cent, and this [indicating] will pay a duty of 10 per cent.

I quote from page 580 of "Summary of Tariff Information, 1920," prepared for the use of the Committee on Ways and Means under direction of the clerk of the committee:

General information—Description and uses.—Hatter's plush, under this paragraph, refers to black plush, 22 inches or more in width, with a soft silk "pile"

that will iron down to a glossy surface and hold its color under the heated iron. It was primarily used for men's silk hats, but it is now a favored material for women's hats and other purposes.

Imports of hatter's plush come almost exclusively from France, from 1895 through 1909 averaging only $46,000 in value. An increase began in 1910, rising to $170,777 in 1914, $445,070 in 1917, and $238,133 in 1918. The increase was largely due to the enlarged use for women's hats and other purposes.

Kindly note that the unbiased clerk of the committee certifies to the Ways and Means Committee that the increase of ten times the average amount of importations under this paragraph is "largely due to the enlarged use for women's hats" and purposes other than hatter's plush for men's hats.

I would also call attention to the remarks relative to hatter's plush under "Interpretation and comments" of the same book of tariff information, wherein the decisions of the court are set forth showing the great confusion and uncertainty that exists in the customs duties relative to silk plushes of this type.

And at the end of the remarks regarding court decisions relative thereto, on page 581, the following is stated:

If this provision should be continued in the law, it would be more appropriately placed in Schedule L than in Schedule N.

If it should be desired to exclude the low grades of hatter's plush covered by this paragraph, the words "of the qualities and widths used generally in the making of men's hats" might be substituted for the words "such as is used for making men's hats."

I wish to call special attention to the fact that the clerk of the committee, after knowing the confusion caused by this separate paragraph for hatter's plush in the courts, has stated distinctly that in case the provisions should be continued in the law it should be placed in Schedule L and not in Schedule N.

Senator WATSON. I will just say that Mr. Davis stated to me that he thought that was the right thing to do. He could not tell what was imported by the milliners, or imported by the hat manufacturers, if there was that low rate, and the classification ought not to be in 1453 and ought to be stricken out.

Mr. KIP. Yes; there is no question about that, Senator.

Furthermore, that the language, to avoid suits as much as possible, should be "of the qualities and widths used generally in the making of men's hats."

That was stated because the importers would protest the invoices in any width of silk plush, and, finally winning the suit, would get the refund from the Government on that basis. The Treasury Department and others state that if you want to exclude those low grades, then put it "of the qualities and widths," so that there can be no protest or refund made for widths other than 22 to 26½ inches.

Senator MCCUMBER. Why use the word "widths"?

Mr. KIP. You take the hat plushes, and they invoice it at 18 inches, and it is 18 inches, and they protest it for 10 per cent. A suit is brought and they generally win it on the phraseology of the thing as it is. I might state that when this hatter's plush first appeared in the tariff of 1883, it came in at 25 per cent, instead of the regular rate of 50.

Senator MCCUMBER. Why not say "of the kind usually used in the manufacture of hats," without reference to the widths? You have low-crowned hats and high hats, and they require different widths.

If it is the same quality, whatever it is used for, why should it not pay the same duty, irrespective of width?

Mr. KIP. That is what no one in the country, excepting a few importers, can understand. That is the purpose of my remarks here.

Senator SMOOT. The House provision says "of the qualities and widths used." That is the way it reads in the Fordney bill.

Mr. KIP. Yes, sir.

Senator McCUMBER. What is the use in using the words "and width"? If it is of the same quality, and it is worth the same, costs practically the same to produce it at home or abroad, why should we make a difference in the duty whether it is 22 inches wide or 27 inches wide?

Mr. KIP. Only to allow the importing element to import a similar grade at 10 per cent instead of 30 or 40 per cent. That is the only reason.

Senator McCUMBER. But I understood your proposition to still continue that.

Mr. KIP. No, sir. I have not explained that far yet.

Senator McCUMBER. Excuse me.

Mr. KIP. As I say, furthermore, that the language, to avoid suits as much as possible, should be "of the qualities and widths used generally in the making of men's hats." That is the language proposed by the experts of the Treasury Department and others in this tariff survey.

It will be noted that in the House bill the exact wording, as suggested on page 381 of this book of tariff information, has been incorporated in the bill, namely, "of the qualities and widths used generally in the making of men's hats," but the other suggestions of including this provision in Schedule L, now 12, has not been adopted. It still remains in Schedule 14—Sundries, paragraph 1453.

The simple reason is evident—that is, that this whole separate paragraph of hatter's plush can not bear the light of day, and if it were placed in Schedule L it would have the searchlight turned on and would not last five minutes. And, for this reason and this reason alone, the parties interested have had this paragraph continued in Schedule N, now 14, sundries, where it has in former tariffs always remained unnoticed and not taken cognizance of by anyone interested in the silk schedule, as they had no reason to suspect a low duty on silk plush in a schedule entirely ungermane to the silk schedule.

At the present time the great fashionable vogue in Europe in ladies' hats is for hatter's plush and "panne velvets," so called, which are exactly the same as hatter's plush, namely, a pile fabric having a soft, silk pile made of organzine silk that is ironed down to a glossy surface to obtain the intensive luster which characterizes hatter's plush used for men's high silk hats. I feel positive that I do not exaggerate when I state that in the months of April, May, June, July, August, September, and October, 1921, there were sold in Europe for use in making ladies' hats at least $1,000,000 per month of such panne velvets and hatter's plush; that the fashion on this article in America for 1922 will be very extensive; and that instead of the importations increasing from an average of $46,000 for 14 years from 1895 through 1909 to $445,070 in 1917, if this paragraph

is left at 10 per cent they will increase in 1922 to several millions of dollars, to the great detriment of labor in this country.

In this connection I must state that in addition to having large plush and velvet mills in America we have very extensive plush and velvet mills at several places in France, the principal mill being in Lyons, France; and on account of having these foreign mills it would be to our pecuniary advantage to have the proposed law continue the rate of 10 per cent on hatter's plush; but as this article has now assumed such large sales proportions for ladies' hats—in fact, we figure it has sold in Europe to the extent of 60 per cent of all plush and velvet material for ladies' hats—we fear that with only 10 per cent duty on same it would compel us here to throw out of employment a large proportion of our velvet operatives making this fine class of material.

In this connection I will show you a page from the mail-order house of Philipsborn's, of Chicago, Ill., and I call your attention to styles 3W5693 and 3W5692. I would like for each of the Senators to take a look at that, and take particular notice of the fact that in describing this article, even in a catalogue house, they state "Genuine silk hatter's plush."

Senator SMOOT. What does a gentleman's silk hat cost at retail?

Mr. KIP. From $7 to $10.

Senator SMOOT. And this hat costs $20. Is that because it is a woman's hat?

Mr. KIP. I don't know. My salesman got it. I don't know what it costs.

Senator SMOOT. $20.

Senator McLEAN. It is marked down to $15.

Senator SMOOT. That is the sale price. That is simply because it is a woman's hat. A man's hat is $7, and costs more money to make it.

Mr. KIP. Yes, sir; a good deal more money. That was made in this country by Knox.

Senator McLEAN. I would like to know what the duty is on that hat.

Mr. KIP. I will come to that in a minute. It would not cost any more under your regular schedule.

We can make these goods ourselves in our mills in France and can make extra money at 10 per cent duty. We have an advantage over the other United States manufacturers here, except one, and that is J. D. Martin, the only one that can do the same thing. Yet it has assumed such large sales proportion that we would prefer to keep our people in Bridgeport and elsewhere busy, rather than make the extra money. So we are petitioning and strenuously requesting that paragraph 1453 be stricken out entirely and the articles be included strictly in Schedule 12, paragraph 1206, at the same rate of duty as are other silk plushes. Furthermore, we feel convinced if hatter's plush is included in paragraph 1206 at the same rate of duty as the other silk plushes and silk velvets, that men's high silk hats will not cost one penny more, as only a small quantity of plush is used in each hat and the additional cost of duty would be assumed by the manufacturer and not passed on to the customer.

We believe that the reason why this hatter's plush has so long enjoyed this unheard-of privilege is because the importations were small and it has always been included erroneously in Schedule N—

Sundries, instead of where it should have been, under Schedule L—Silks and silk goods, and we feel positive, now that the committee has been thoroughly enlightened on the subject, that they will include hatter's plush in paragraph 1206, Schedule 12, making this paragraph read as follows:

Paragraph 1206. Plushes, including such as are commercially known as hatter's plush, cut or uncut, composed wholly or in chief value of silk, weighing not less than nine and one-half ounces per square yard, $1 per pound; weighing less than nine and one-half ounces per square yard, $2.40 per pound: *Provided*, That none of the foregoing shall pay a less rate of duty than 41½ per centum ad valorem. Velvets, chenilles, and other pile fabrics, not specially provided for, cut or uncut, composed wholly or in chief value of silk, weighing not less than five and three-fourths ounces per square yard, $1.50 per pound; weighing less than five and three-fourths ounces per square yard, not less than four ounces, if all the filling is not cotton, $2.75 per pound; if all the filling is cotton, $2 per pound; all the foregoing weighing less than four ounces per square yard, $4 per pound: *Provided*, That none of the foregoing shall pay a less rate of duty than 41½ per centum ad valorem. Measurements to ascertain widths of goods for determining weight per square yard of the foregoing articles shall not include the selvedge, but the duty shall be levied upon the total weight of the goods, including the selvedges. The distinction between "plushes" and "velvets" shall be determined by the length of the pile; those having pile exceeding one-seventh of one inch in length to be taken as "plushes"; those having pile one-seventh of one inch or less in length shall be taken as "velvets." The distance from the end of the pile to the bottom of the first binding pick shall be considered as the length of the pile.

Velvet or plush ribbons, and all other pile fabrics, cut or uncut, composed wholly or in chief value of silk, not specially provided for, not over twelve inches and not less than three-fourths of one inch in width, containing no silk except that in the pile and selvedges; if black, $1.60 per pound; if other than black, $1.75 per pound; if containing silk other than that in the pile and selvedges, if black, $2 per pound; if other than black, $2.25 per pound, for each one-fourth of one inch or fraction thereof, less than three-fourths of one inch in width, there shall be paid in addition to the above rates, 40 cents per pound: *Provided*, That none of the foregoing shall pay a less rate of duty than 41½ per centum ad valorem

We do not know of any more unjustifiable discrimination in legislative acts than is shown in the case of this hatter's plush, where an article, on the one hand, for use in men's high silk hats—a very personification of extreme luxury—is taxed 10 per cent, while, on the other hand, identically the same article, of identically the same quality—one in a different width, for use in ladies' hats worn by our working women and our women of moderate means—is taxed three or four times that amount. There can be no analysis nor any commonsense reason that can possibly justify such unjust discrimination. We therefore rest in full confidence that the committee will cancel paragraph 1453 in the sundries schedule and will include hatter's plush in paragraph 1206 of the silk schedule.

Senator SMOOT. Do you know where this lady's hat was produced?

Mr. KIP. From Knox.

Senator SMOOT. Where?

Mr. KIP. New York, Fortieth Street and Fifth Avenue.

Senator SMOOT. I notice that Philipsborn's, in Chicago, has the same hat advertised to sell for $3.48.

Mr. KIP. Yes; it may not be the same hat.

Senator SMOOT. It says "genuine silk hatter's plush."

Mr. KIP. That would be genuine silk hatter's plush. That just proves my case. There is a grade that does not cost one-half of this one, and yet it is genuine silk hatter's plush.

Senator LA FOLLETTE. Can you state what the value of the material in this hat is?

Mr. KIP. The domestic value?

Senator LA FOLLETTE. Yes.

Mr. KIP. It sold at about $5 a yard for 26 inches.

Senator LA FOLLETTE. Reduced to this hat, the quantity that goes into this hat, what did the material in this hat cost?

Mr. KIP. I should not think the silk hatter's plush in that hat would be over three-quarters of a yard; it might cost about $3.50. The whole hat may cost $5 or $6. It may have cost Knox $8.

Senator LA FOLLETTE. You mean the material?

Mr. KIP. The material and cost of manufacturing it into a hat. I am speaking now of Knox. Of course, that would be made for less than half that with other people.

Senator LA FOLLETTE. The same hat?

Mr. KIP. Yes, sir.

Senator SMOOT. They pay that for the word "Knox"?

Mr. KIP. Yes, sir; I do for the hats I buy.

Senator LA FOLLETTE. It does not cost any more to make it because they put the word "Knox" in it than if they put the word "Box" in it.

Mr. KIP. Oh, yes; because they have their overhead. Their overhead is very much higher than some others.

Senator LA FOLLETTE. Why?

Mr. KIP. They have a tremendous expense, and they don't have the output that a concern running on a different basis would have; that is, running full on all classes of goods. They make all kinds of hats, felt hats, and those kind of hats. They don't make as many as the others.

Senator LA FOLLETTE. You mean they don't make as many as Knox does?

Mr. KIP. Knox does not make as many as the others.

Senator SMOOT. They are content with a larger profit and a less number of hats sold?

Mr. KIP. Yes, sir.

Senator MCLEAN. You will find the same proportion of difference in the felt hats.

Senator LA FOLLETTE. I want to ask you concerning the importations of plushes and velvets. What is the domestic production in this country of plushes and velvets—the value of it?

Mr. KIP. I have not taken that up. I think you will get it in the silk association statistics. I could not tell you offhand, Senator. It is quite a large amount.

Senator LA FOLLETTE. It was about $42,552,000 in 1919.

Mr. KIP. Yes, sir.

Senator LA FOLLETTE. Do you know what the imports were in 1919?

Mr. KIP. They would be low, because that was the time of extreme war and France was not shipping anything, and, of course, Germany was out of business.

Senator LA FOLLETTE. The war was over in 1919.

Mr. KIP. It was over in 1918, but the effects of it were not over by that time. There was very little shipped from Europe in 1919.

Senator LA FOLLETTE. There was less shipped in 1921, was there not?

Mr. KIP. I really don't know, Senator.

Senator MCLEAN. What is the condition of your business to-day?

Mr. KIP. It is not good. It will be much worse if we have 10 per cent on hatter's plush.

Senator MCLEAN. How many hands do you employ?

Mr. KIP. In the different mills between 3,500 and 4,000, according to the times.

Senator MCLEAN. What is the condition of the market here to-day?

Mr. KIP. It is absolutely unsettled. It is impossible to do business at the present time. We have made two reductions in wages. The last one was made about a week or 10 days ago. Some of my people came to me and I told them, "We will probably try to run full, but you will have to have a reduction."

Senator MCLEAN. How were you running?

Mr. KIP. About three days.

Senator MCLEAN. About three days in a week?

Mr. KIP. About three days in a week. They said, "Mr. Kip, if you think we should have a reduction we are willing to take whatever you think is right." We put in a reduction and they are very highly delighted that we are running as full as we are. In Bridgeport nobody is running full.

Senator MCLEAN. What was the reduction in wages?

Mr. KIP. We made about 22 per cent reduction since the 1st of January, 1921.

Senator MCLEAN. How do the wages you are paying with the reduction compare with the 1914 wages?

Mr. KIP. They are about an average of from 75 to 90 per cent more.

Senator MCLEAN. Are you finding a market for the product you are making now?

Mr. KIP. We are not. We are making up all of our goods at the present time in stock with the hope that we are going to find a market.

Senator MCLEAN. You are storing them, anticipating a market?

Mr. KIP. Yes, sir; absolutely.

Senator SMOOT. Did you in 1909 ask that hatter's plush be put in the regular silk schedule instead of sundries?

Mr. KIP. We did not.

Senator SMOOT. Why did you not?

Mr. KIP. We never noticed it. Just as I said here, we looked at the silk schedule and we certainly didn't think of looking anywhere else. We didn't dream of looking under the sundries schedule. That is why it was put in there, so those interested would not see it.

Senator SMOOT. Did you not feel the effect of it?

Mr. KIP. We did not very much, because importations at that time had not changed. The vogue of hatter's plush and panne velvets for millinery was not overwhelming. Now it is the great vogue. Sixty per cent of the velvet and plush goods is sold as hatter's plush at the present time.

The CHAIRMAN. Is that all?

Mr. KIP. Yes, sir.

CHINESE SILKS.

[Paragraph 1205.]

STATEMENT OF ALFRED KOHLBERG, BAYSIDE, LONG ISLAND, REPRESENTING AMERICAN IMPORTERS OF CHINESE SILKS.

The CHAIRMAN. Mr. Kohlberg, what is your occupation?

Mr. KOHLBERG. I am an importer of Chinese and Japanese silk goods.

The CHAIRMAN. Where do you reside?

Mr. KOHLBERG. Bayside, Long Island.

The CHAIRMAN. You speak from the importer's point of view, do you?

Mr. KOHLBERG. I do. I speak for the American importers of Chinese silks only. I am not touching the subject of Japanese silks, except as that subject is brought in incidentally.

Senator SMOOT. Do you import anything but piece goods?

Mr. KOHLBERG. I import other lines of laces and Chinese rugs, but no other silks. I am speaking only to call the committee's attention to the specific rates in paragraph 1205 applying to Chinese silk goods, which amount to an absolute prohibition on the importation of Chinese silk goods. These rates are $3 per pound on all silk piece goods, ungummed, weighing from 1⅓ to 2½ ounces per yard, and $2.75 per pound on all silk piece goods, ungummed, weighing from 2½ to 6 ounces per yard.

As the bulk of the import of Chinese pongees, which are the only imports from China weighing between 1½ and 2½ ounces, mean a great deal to us, I have prepared my figures on the basis of $3 per pound only.

Senator SMOOT. Do you prefer to take the straight ad valorem duty?

Mr. KOHLBERG. That is what I wish to ask the committee for.

Senator SMOOT. What do you ask on the American valuation?

Mr. KOHLBERG. I am not prepared to ask, but I have here some figures.

Senator SMOOT. What do you suggest?

Mr. KOHLBERG. I would like to have the committee judge for itself.

I have a statement of my business for several years, showing my total sales and the total duty actually paid at 45 per cent, and then showing the percentage on my sales, American valuation, that would be. My total sales of Chinese and Japanese silks were $391,927 for the first 11 months of the year. The amount of duty paid was $89,743. That is on 45 per cent of the foreign value rate. That works out exactly 22.9 per cent of the sale value, which would be the rate I would suggest on the American valuation. I have also worked it out algebraically, and it comes out about the same thing. I prepared this little table because I thought you might find it interesting.

Senator SMOOT. Then that same rate would be 45 per cent?

Mr. KOHLBERG. Forty-five per cent on the foreign value. In other words, had the American value rate been 22.9, I would have paid the Government exactly the same amount of money that I did pay on the foreign value.

Senator DILLINGHAM. What is the ratio of duty to sales?

Mr. KOHLBERG. I have here a table showing the imports of Chinese silks last year, as well as the Japanese, and showing the duty paid under the Underwood tariff, and what the specific rates in this tariff would mean in the way of an increase.

The imports from Japan were two and a half million pounds, valued at $16,000,000, in round figures. The duty paid under the Underwood tariff was seven and a half million dollars. Had that been assessed at the Fordney rate of $3 per pound, the duty would have amounted to $7,629,018, an increase of only 2 per cent.

From China we imported 496,368 pounds, valued at $1,288,373, one-tenth of the amount that we imported from Japan.

Under the Underwood tariff (45 per cent) that paid a duty of $579,767. Under the Fordney tariff of $3 per pound that would have paid a duty of $1,489,104, an increase in the duty of 157 per cent.

The reason for this is that Chinese silks are made on hand looms, and the rougher silks, as they come into this country, contain a great deal of gum and also considerable amounts of starch, which adds to their weight, so that any specific duty applied to them would be unfair, unless you were to take the actual boiled-out weight of them.

I have here some samples showing the difference between the Japanese and Chinese silks. That [indicating] is Japanese silk. That is a piece of Japanese habutai.

I have four qualities of Chinese silk which cover practically the entire importations. These [indicating] are Chinese pongees. They are made in Shantung Province. There are four different weights. I have here the percentage of increase on each. Then I have three qualities of Japanese silks which compete with them in this market and which you will see run much lighter in weight, and, therefore, will be very much favored under this new tariff. That is used for suitings [indicating].

On the second page there I have given the four qualities of Chinese silk which show an increase in duty, respectively, of 359 per cent, 131 per cent, 131 per cent, and 250 per cent over the present duty, by applying the specific rate, while on the three Japanese qualities the increase would be 51 per cent, 46 per cent, and 32 per cent. These increases are based on the values as of August 1. To-day the proportion would be greater, because Japanese goods have gone up in value.

The remedy for that is the striking out of the specific rates as they affect tussah. This pongee is not made of white silk; it is made of a silk called tussah.

If, on the other hand, the specific rates are to be maintained, we would ask that you put a special rate on tussah and suggest $1.50 per pound instead of $3 per pound. This rate would actually work a considerable increase over the present 45 per cent duty, but would not be prohibitive. If applied to last year's imports, it would increase the rate of duty from 45 per cent to 58 per cent, which would not be prohibitive on our goods.

Senator SMOOT. Would that apply to all weights?

Mr. KOHLBERG. It would apply to all weights. They all come in two brackets. There is only 25 cents difference in the rates at

present. I am taking the higher rates. If this $1.50 should not work out all right on Japanese goods, it would not do any harm, because the catch-all ad valorem clause would bring it up to the other rates.

Senator SMOOT. It would not fall in the catch-all clause if it were specifically mentioned.

Mr. KOHLBERG. It could be made to fall in there.

Senator SMOOT. We could limit the rate.

Mr. KOHLBERG. You could make the catch-all clause apply to it: that is, take the specific rate, if that were higher, or the catch-all clause if that were higher.

As Mr. Cheney suggested, specific rates do not do the domestic manufacturer any good, but on this one thing they are absolutely prohibitive, so I do not think there would be any objection from the manufacturers if those specific rates were stricken out entirely and only the ad valorem rates allowed to remain in. That would then apply fairly down the line.

I think that covers my case.

Senator MCLEAN. How long have you been in business?

Mr. KOHLBERG. Since 1913, in this business.

Senator MCLEAN. You did not have much experience prior to the war?

Mr. KOHLBERG. During the years 1909 to 1913 there was practically no importation of this kind of silk into this country, due to the Payne-Aldrich rate of $3 a pound.

Senator MCLEAN. Has your business increased?

Mr. KOHLBERG. It has increased each year until this year.

Senator MCLEAN. What is the difference between this year and last year?

Mr. KOHLBERG. I could not say offhand. This year is not complete, of course.

Senator MCLEAN. I thought you could give that.

Mr. KOHLBERG. I have it for 11 months. I do not know what those months would have shown last year.

Senator MCLEAN. Do you know whether it is more or less?

Mr. KOHLBERG. I know my total business, but I do not know the business on silks. You see, I handle other lines as well.

Senator MCLEAN. What other lines?

Mr. KOHLBERG. Laces and rugs.

Senator MCLEAN. How does the total business this year compare with last year?

Mr. KOHLBERG. My total business for 1921 was probably 50 per cent above 1920. But the big increase in Chinese laces has resulted from the fashion.

Senator MCLEAN. The business this year is above that of 1920?

Mr. KOHLBERG. By about 50 per cent.

Senator MCLEAN. Has the importation of the other goods increased this year?

Mr. KOHLBERG. Yes; the importation of laces has increased very materially.

Senator MCLEAN. How about the pongee, or whatever you call it?

Mr. KOHLBERG. I think about the same. This year it was $391,000. I think last year would be about the same.

Senator McLEAN. I assume you make a fair profit on your business?

Mr. KOHLBERG. We try to. Sometimes the conditions of the market give us more than a reasonable profit and sometimes not.

Senator McLEAN. Do you think that the manufacturers of the goods think that they ought to have a tariff representing the difference in the labor cost?

Mr. KOHLBERG. I certainly do.

Senator McLEAN. How much more?

Mr. KOHLBERG. That tariff would be arrived at better by taking the ad valorem rate.

Senator McLEAN. Do you think the American manufacturer with whom you compete should have a tariff that will equal the difference in the labor cost?

Mr. KOHLBERG. Yes, sir. As a matter of fact, our silk is not made in this country. They do not make anything like it here.

COMPARISON OF FORDNEY AND UNDERWOOD TARIFF RATES ON SILK PIECE GOODS IMPORTED FROM CHINA AND JAPAN, FISCAL YEAR ENDING JULY 1, 1921.

Imports from Japan: 2,543,006 pounds; value, $16,640,018; average value per pound, $6.54; duty on above under Underwood tariff (45 per cent), $7,488,008.10; average per pound, $2.94½; duty on above under Fordney tariff ($3 per pound), $7,629,018 (45.8 per cent).

Imports from China: 496,368 pounds, value, $1,288,373; average value per pound, $2.60; duty on above under Underwood tariff (45 per cent), $579,767.85; duty on above under Fordney tariff ($3 per pound), $1,489,104 (115.5 per cent).

Japanese silk duty increased from 45 to 45.8 per cent.

Chinese silk duty increased from 45 to 115.5 per cent.

PROPOSAL FOR RATE OF $1.50 PER POUND ON SILK PIECE GOODS MANUFACTURED WHOLLY OF TUSSAH.

Presuming total imports of silk piece goods from China are made of tussah, duty at rate of $1.50 per pound would produce $744,552 revenue, or 58 per cent.

Average price of tussah and white silk: 1913 (prewar), white silk, $3.50 per pound; tussah, $1.50 per pound; 1918 (war), white silk, $7 per pound; tussah, $3.50 per pound; 1920–21 (postwar), white silk, $6 per pound; tussah, $2.75 per pound.

All statistics from Department of Commerce "Monthly Summary of Foreign Commerce," June, 1921, Part 1, page 19.

Comparison of samples, August 1, 1921.

CHINESE SILK PONGEES (TUSSAH).

	Underwood duty per piece.	Fordney.	Increase.	
				Per cent.
A. 32/34 ounce, 17/18 yard Shantung	$1.35	$6.20	$4.85	359
B. 90/100 ounce, 48/50 yard Ninghai	7.80	18.00	10.20	131
C. 38/40 ounce, 18/20 yard Honan	3.15	7.30	4.15	131
D. 120/130 ounce, 28/30 yard Ninghai	7.50	23.25	15.75	210

JAPANESE SILK PONGEES (TUSSAH).

E 12 momme, 33 inch, 50 yard pieces	$8.70	$13.20	$4.50	51
F. 14 momme, 33 inch, 50 yard pieces	10.50	15.40	4.90	46
G. 16 momme, 33 inch, 50 yard pieces	13.30	17.60	4.30	32

On behalf of American importers of Chinese silk fabrics, I protest against the specific rates on silk fabrics in the piece contained in pages 130, line 12, to 133, line 4, Schedule 12, of H. R. 7456 (the Fordney tariff), as being in effect an absolute prohibition of the importation of Chinese silk fabrics in the piece.

I also protest against this schedule as being discriminatory against Chinese and in favor of Japanese silk piece goods, due to its method of classification.

In support of these two grounds of protest noted above, I submit the following data taken from the United States Department of Commerce Monthly Summary of Foreign Commerce, June, 1921, part 1, page 19. These figures cover the last fiscal year only, but the comparisons would hold true for each year of the past four or five without material change.

TOTAL IMPORTS CHINA AND JAPAN.

The total imports of silk piece goods from China in the fiscal year ending June 30, 1921, were 496,368 pounds, valued at $1,288,373.

Under the Underwood Act (45 per cent ad valorem), this paid a total duty of $579,767.85. Under the Fordney Act ($3 per pound), this would have paid a total duty of $1,489,104.

The increase would have been $909,336.15, or an increase of 157 per cent.

The total imports of silk piece goods from Japan in the same fiscal year were 2,543,006 pounds, valued at $16,640,018.

Under the Underwood Act (45 per cent ad valorem), this paid a total duty of $7,488,008.10. Under the Fordney Act (3 per pound, average), this would have paid a total duty of $7,629,018.

The increase would have been $141,009.90, or an increase of 2 per cent.

Thus it will be seen that under the Fordney Act the duty on last year's importations of Chinese silk fabrics in the piece would have been raised 157 per cent while under the same act the advance in duty on Japanese importations would have been only 2 per cent. As under the Underwood Act both paid at the equal rate of 45 per cent, and as imports from Japan each year are at least ten times as great as from China, it will be seen that the proposed specific rates will wipe out imports of Chinese silk fabrics as a whole and divert most of that business to Japanese manufacturers.

KINDS OF SILK IMPORTED.

Our imports of silk fabrics in the piece from China consist entirely of pongees (also called Shantungs, Ninghais, and Honans to distinguish different qualities). These are made entirely of tussah, a silk produced by a "wild" worm that subsists on the scrub oak of the Shantung and Manchurian foothills, and, due to its diet, the silk acquires the tan or "pongee" color familiar to all.

This tussah silk in the raw has normally about half the value of the regular white or yellow silk produced in China, Japan, Italy, and elsewhere by the more commonly known silkworm that is raised in the homes of the farmers and feeds on mulberry leaves.

Our imports of silk piece goods from Japan consist of about 75 per cent of habutai (made of white silk) and 25 per cent of pongee (made of tussah). As habutai does not come into competition with Chinese silk piece goods, I shall omit further reference to it. Japanese pongee, which was imported to the extent of about $4,000,000 last year (three times the import from China), is of a finer and lighter weave than the Chinese product. The Fordney tariff raises the duties on the four principal kinds of Chinese pongee 131, 131, 210, and 359 per cent, respectively, while it only raises the duty on the three principal kinds of Japanese pongees 32, 46, and 51 per cent, respectively.

Thus we see that both as a whole and on every item in detail Chinese silks are discriminated against in favor of Japanese to the extent of absolute prohibition.

THE REMEDY.

The only real remedy for this discrimination in the Fordney tariff is nothing less than the absolute striking out of the specific rates on silk and the return to ad valorem rates only. As a matter of fact, specific rates on a commodity such as silk fabrics are neither based on reason, trade customs, nor fairness, as there is no connection between the weight per square yard of silk fabrics and the labor cost or intrinsic value thereof. The labor cost in a yard of silk is more often in inverse ratio to the weight, so that, from the point of view of protection, the most equitable tariff (in view of the fact that raw silk comes in free) would be a tariff that deducted from the finished cost of imported silk the value of the raw material therein and then levied a double

duty on the remainder. This would put the greatest protection on the qualities containing the greatest amount of labor cost.

If, however, your committee is determined to keep specific duties in Schedule 12, then I suggest the addition of a paragraph putting on all piece goods manufactured wholly of tussah silk a rate of $1.50 per pound. This rate would actually raise the duty on Chinese importations, and if it proved too low for Japanese pongees they would be caught by the ad valorem "catch-all" rate.

Although this subject of Chinese silk fabrics in the piece is a small one compared to the many matters before your committee, may I not hope that in view of our present, past, and future most pleasant relations with the Chinese Republic, her interests be not discriminated against in your recommendations to the Congress?

SILK PIECE GOODS.

[Paragraph 1205.]

STATEMENT OF ERNEST RUEGG, REPRESENTING SCHWARTZENBACK, HUBER & CO., NEW YORK CITY.

Senator McCUMBER. Mr. Ruegg, give your address and business to the stenographer.

Mr. RUEGG. Ernest J. Ruegg, 470 Fourth Avenue, New York City. I represent Schwartzenback, Huber & Co. We are manufacturers of silk piece goods only, and of no other kind of silk. We also import piece goods fabric from Japan and from China; sometimes also from Europe.

Senator DILLINGHAM. To what paragraph do you intend to address yourself?

Mr. RUEGG. Paragraph 1205 solely.

Before 1913 we made quite a quantity of silk piece goods which competed very closely with the Japanese and Chinese products.

The Payne tariff at that time was so fair that orders were sometimes divided between us and Japan. We would secure one-half of the orders and Japan would get the other half. The duty was not too high; it was not too low. It gave us both a chance.

In 1913 or 1914, when the duty was lowered to 45 per cent ad valorem, we immediately had to discontinue a large number of our fabrics. We had built up a very excellent trade on them and had created a lot of good will and many connections. So we started to import these Japanese and Chinese fabrics instead of supplying our trade so that we could hold this trade until some day when another tariff might permit us to resume the making of domestic goods.

We are to-day importing a very large volume of Japanese and Chinese piece goods. That business goes on very merrily. It is very easily done. There is very little profit in it. But our own mills, of which we have quite an extensive number, can not be kept going. We can not run our looms and we can not keep the operatives employed.

That is very generally the condition of the silk piece goods business at this time, but we have a particular illustration in our own business in that we are importing goods in good volume, and that is increasing. We could increase it very largely, if we wanted to, but we are putting every ounce of strength and capital, etc., into the operating of our domestic plants. We are not running at capacity by very considerable. Business has been declining for the last year and a half or two years.

Senator WATSON. What do you import?

Mr. RUEGG. Japanese habutais, pongees, and Shantungs. We have a report——

Senator WATSON. Did you begin to import them because you could not manufacture them?

Mr. RUEGG. Yes.

Senator WATSON. You are still importing them, are you?

Mr. RUEGG. We are still importing them. We much prefer to stop importing and to make them and to keep our plants and operatives going.

Senator CALDER. What has become of the plant?

Mr. RUEGG. We are operating part of the machinery on part time. We employ about 5,000 people when we are running full.

Senator DILLINGHAM. Are you making that class of goods?

Mr. RUEGG. Not at all; nothing like it.

Senator WATSON. You ceased to make those because of the importations?

Mr. RUEGG. Yes, sir; we ceased to make those because of the importations?

The moment the Japanese begin to make something that is at all like our domestic goods we have to stop. The sooner we stop the better. Here is an illustration right here: These goods [indicating] largely came from China years ago. The bulk which comes from Japan, I believe, has taken the largest share of the business away from China. It will be so with us. They take one thing after another. First it is habutais, then pongees, then satins and these figured goods. They keep improving production; they keep adding to their machinery; they keep widening their looms.

Senator CALDER. Where is your factory?

Mr. RUEGG. We have four or five in Pennsylvania, one in New York, one in Connecticut, four in New Jersey, two in Virginia, and one in Alabama.

Senator SUTHERLAND. Where are you manufacturing now?

Mr. RUEGG. In all those places.

Senator SUTHERLAND. I understood you to say you are not manufacturing the goods you were formerly making, but that you had turned your attention to other goods.

Mr. RUEGG. Yes.

Senator LA FOLLETTE. When did you first go into business?

Mr. RUEGG. Our firm started in 1883—between 1880 and 1885.

Senator LA FOLLETTE. When did you put up your last plant?

Mr. RUEGG. Three years ago.

Senator LA FOLLETTE. Where?

Mr. RUEGG. In Virginia.

Senator LA FOLLETTE. How many did you build three years ago?

Mr. RUEGG. Two.

Senator LA FOLLETTE. Did you build any four years ago?

Mr. RUEGG. One. We have not expanded very much, and I am glad of it.

Senator LA FOLLETTE. What did you build five years ago?

Mr. RUEGG. I do not recall any offhand that we built five years ago. We have been going steadily, particularly a number of years ago.

Senator SMOOT. What about the year we entered the war?

Mr. RUEGG. Since we entered the war?

Senator SMOOT. Did you build then?

Mr. RUEGG. No. We built these that I mentioned here.

Senator LA FOLLETTE. Did you build any in 1914?

Mr. RUEGG. No.

Senator MCLEAN. How many hands did you employ in 1913 and 1914, before the war?

Mr. RUEGG. Four thousand.

Senator MCLEAN. And about 5,000 now?

Mr. RUEGG. We would employ 5,000 if we were going at full capacity.

I would say that this summary of foreign commerce, published by the Department of Commerce——

Senator SUTHERLAND (interposing). Was your industry affected by the passage of the Underwood tariff law in 1913?

Mr. RUEGG. Oh, yes. There was not time for the full effect to become apparent, however, on account of the war, the conditions of labor, etc. The shortage of labor and the prosperity during the war and immediately afterwards covered up the situation which is now coming to the fore.

Senator MCLEAN. At the present time what proportion of the goods that you handle do you import. What percentage of the goods that you handle do you import at the present time? Can you give us a fair estimate?

Mr. RUEGG. Twenty-five or 30 per cent.

Senator CALDER. In response to a question by Senator La Follette, you said that during the past three years you built three additional plants?

Mr. RUEGG. Did I say three years? I must have made a mistake.

Senator CALDER. You said two two years ago, and one the year before that, as I remember.

Mr. RUEGG. We built a plant in Pennsylvania, and we built one more in Virginia.

Senator CALDER. A little while before that you said that since the passage of the Underwood bill your business had decreased. How do you adjust one of those statements with the other?

Mr. RUEGG. I would say that the prosperity during the war and after the war covered up the situation which has now become apparent, which we are now seeing. The imports are so heavy and so large that we can not run our business. We can see very plainly now that it was a mistake to build these plants.

Senator SMOOT. Are you asking for an ad valorem duty instead of the specific duty?

Mr. RUEGG. The specific duty is the ideal duty, but it would have to be increased so greatly that it could hardly be asked for.

Senator SMOOT. Do you believe, then, the same as Mr. Cheney, that on the American valuation you would prefer a straight ad valorem duty on piece goods of 38½ per cent and on a foreign valuation of 55 per cent?

Mr. RUEGG. We think that that is not the fairest thing to do, but the least that could be done would be to put the ad valorem duty

to-day on the basis of what it previously figured out to on a specific basis. That is, from 1909 to 1913, the specific rates worked out to about 65 per cent for an ad valorem, which would be about 38½ per cent American. That would help some. I do not think it would help very much. The specific rates as they stand now in the House bill are not operative at all, and would not be, except in one or two small instances. I believe some one mentioned that these goods might be excluded through the specific rates.

Senator SMOOT. That is, the Chinese goods?

Mr. RUEGG. The Chinese goods. I have looked into that and figured them very closely—in fact, figured them with the hope of seeing whether we could not put some of our idle machinery on goods of this kind. There is no chance at all. If you raised those specific rates a great deal you would still have those Chinese goods coming in, not to say anything about the rest of them.

Senator SMOOT. Then you agree with the statement of Mr. Alfred Kohlberg as to the Chinese goods coming into this country, and that you can hardly keep them out to-day with any kind of a duty, especially the duty provided for by the Fordney bill?

Mr. RUEGG. I do not know whether I agree with Mr. Kohlberg, but the specific duties that are now in the House bill will not keep out these goods, nor will the ad valorem of 31 per cent American valuation nor will the American valuation of 38½ per cent keep them out.

Senator LA FOLLETTE. What would keep them out?

Mr. RUEGG. Perhaps 75 per cent increase in specific rates and about 200 per cent ad valorem duty, foreign valuation. I think that would keep them out.

Senator LA FOLLETTE. Is that what you want?

Mr. RUEGG. We do not ask for it. You asked me what would keep them out.

Senator LAFOLLETTE. I am asking if that is what you want?

Senator SMOOT. Mr. Kohlberg said that the Chinese silk duty increased from 45 per cent to 115 per cent, even under the Fordney bill——

Mr. RUEGG (interposing). It would be somewhat increased in percentage, but it would not keep them out. As I say, 115 per cent would not keep them out.

Senator LA FOLLETTE. How much have you reduced wages since the armistice?

Mr. RUEGG. Since the armistice we reduced 10 per cent, and then 10 per cent again.

Senator LA FOLLETTE. When did you begin? When did you make the first reduction?

Mr. RUEGG. In February, this last February; and we made another 10 per cent reduction about a month or so ago.

Senator LA FOLLETTE. Can you file with the committee a statement of the wages paid in your factories, by classes of employees, from 1913, for each year down to the present time?

Mr. RUEGG. Yes, sir; I can do that.

Senator LA FOLLETTE. Also the salaries paid. Will you do that?

Mr. RUEGG. Yes, sir.

Senator SMOOT. You buy your silk in the market, the same as France and England and other countries?

Mr. RUEGG. Yes.

Senator SMOOT. And the same as China?

Mr. RUEGG. Well, of course, the countries in the Orient have an advantage there which is quite considerable, in my opinion, of being local, in the market, and they save a great deal of transportation cost.

Senator SMOOT. But the transportation cost per pound—do you really think it would take 200 per cent here to equalize the labor cost alone on the valuation of the goods, when you have your raw material free?

Mr. RUEGG. On these goods, it would run pretty close to that, on this particular class of goods, which is made in the homes in the very poorest districts in China; and we know what the living conditions there are. We have heard enough about them.

Senator LA FOLLETTE. It is not made by machinery, is it?

Mr. RUEGG. It is made on hand looms.

Senator LA FOLLETTE. You employ machinery in your establishment?

Mr. RUEGG. Yes, sir.

Senator LA FOLLETTE. And the intelligent American labor, using machinery, can not compete with the Chinese labor, using mere hand looms in the production of these goods?

Mr. RUEGG. It can not.

Senator LA FOLLETTE. How much more will an employee produce, if you can measure it in some way, in yards, operating a loom as compared with an operative in China working by hand?

Mr. RUEGG. I have not any particular information as to the production in China but, from the investigations, so far as Japan is concerned, it has been shown that there on the looms they produce about the same yardage in a working day of 11 hours as we do in our working day of about 8 hours.

Senator DILLINGHAM. Do they have about the same machinery?

Mr. RUEGG. About the same machinery.

Senator MCLEAN. You are an importer and you manufacture the same kind of goods.

Mr. RUEGG. We do not manufacture the same kind of goods. We manufacture silk piece goods of different descriptions.

Senator MCLEAN. It comes in competition.

Mr. RUEGG. There is considerable difference in appearance, touch, etc., in the goods that we can make.

Senator MCLEAN. Then, the price per yard which you pay for those goods could not be compared with anything that you make and sell?

Mr. RUEGG. These goods run from, I think, 25 cents up in China.

Senator MCLEAN. What do you pay?

Mr. RUEGG. We can hardly make anything to-day that costs less than $1 a yard.

Senator LA FOLLETTE. So, they do not come in competition at all, do they?

Mr. RUEGG. They come in competition in the use of them. You can wear these, instead of wearing some other kind of American-made silk.

Senator WATSON. Did you ever make that kind of goods during the Japanese importation?

Mr. RUEGG. We made goods in 1909 and previous to that.

Senator WATSON. That same kind?

Mr. RUEGG. That kind of stuff.

Senator McLEAN. That is what I wanted to get at, precisely. If you can make this now—and you can, as I understand it——

Mr. RUEGG (interposing). It is a physical possibility, yes.

Senator McLEAN. What would be the difference between your cost and the cost of the foreign article, by the yard?

Mr. RUEGG. I figured it out the other day that it would cost us about 85 cents; and we had bought the foreign goods at about 25.

Senator McLEAN. What percentage of the cost is labor?

Mr. RUEGG. That is very difficult to say. It is very difficult to get any informtion about the cost of manufacture of Chinese goods.

Senator McLEAN. The goods that you have made?

Mr. RUEGG. The goods that we have made? I will be glad to tell you that, but I have not the material with me. It varies very largely, from one kind of fabric to another.

Senator SMOOT. Take the common fabric. Take the fabric that costs you 85 cents to make and 25 cents in China. What is the percentage of labor cost of that 85 cents, in connection with the fabric that you make?

Mr. RUEGG. I have not my calculations.

Senator SMOOT. About what would it be?

Mr. RUEGG. Really, I would not like to guess at it.

Senator SMOOT. Forty per cent?

Mr. RUEGG. We have not made any of these goods for so long that I am really not posted on it.

Senator SMOOT. Thirty per cent?

Mr. RUEGG. That would be an offhand guess, anything I could give you.

Senator SMOOT. It would be at least 30 per cent, wouldn't it?

Mr. RUEGG. I think so.

Senator SMOOT. Thirty per cent would be 25½ cents.

Mr. CHENEY. It would be more than 40 per cent.

Senator SMOOT. I thought myself it would be.

Senator McCUMBER. The witness says he does not know.

Mr. RUEGG. I believe I said I could not answer the question.

Senator McLEAN. But you have testified that you could not handle these goods because of your foreign competition.

Mr. RUEGG. We can not handle them under the present tariff.

Senator McLEAN. In view of the fact that the labor cost is so much less in foreign countries than it is here?

Mr. RUEGG. Yes.

Senator McLEAN. I thought perhaps you could give the committee just what that difference in the labor cost would be.

Mr. RUEGG. I would like to, but I can not do that, offhand.

Senator McLEAN. On the goods that you made, what is the difference in the labor cost?

Mr. RUEGG. We figure that the Japanese cost of conversion was not over 25 per cent of our cost of conversion.

Senator SMOOT. I think that is true. Of course, they make it in the homes, and they make it at any time, and everyone of the family works whenever they can, and they have no expense whatever.

Mr. RUEGG. All the information we have been able to get—and I have been able to get quite reliable information from Japan—is that wages are about 10 per cent of ours over there. If we give them a cost as high as a quarter of ours, I think we figure very liberally.

Senator SMOOT. This is what I was getting at. If it were even 30 per cent of your 85 cents, it would be 25½ cents, and that is a half cent more than the cost of the goods.

Mr. RUEGG. Than the cost of the goods.

Senator SMOOT. So that they could give you all of the labor. They could have no labor cost whatever, and get all of the stock and sell it, if your cost is 85 cents, for less than the labor; so, you can not do anything with protecting a thing like that.

Senator WATSON. He says he does not know what the labor cost was.

Senator SMOOT. I think the labor cost is about 50 per cent.

Senator McCUMBER. Is that all, Mr. Ruegg?

Mr. RUEGG. I wanted to bring out that the imports of these goods were constantly increasing; that for the first 10 months of 1919 there were 2,000,000 pounds of goods imported; for the first 10 months of 1920 there were 2,500,000 pounds imported, roughly; and for the first 10 months of 1921 there were 3,852,000 imported, of finished piece goods.

Senator WATSON. All from Japan?

Mr. RUEGG. All countries, put together.

Senator WATSON. But substantially all from Japan?

Mr. RUEGG. Substantially, the very largest part is from Japan.

Senator LA FOLLETTE. I wanted to ask you a question. Can one operative run more than one loom?

Mr. RUEGG. Yes.

Senator LA FOLLETTE. How many looms?

Mr. RUEGG. It depends entirely on the fabric you want to make.

Senator LA FOLLETTE. Take this fabric that you say costs 85 cents a yard to produce. How many looms can one operative run?

Mr. RUEGG. I think about two—possibly three.

Senator LA FOLLETTE. About three?

Mr. RUEGG. Yes.

Senator LA FOLLETTE. Working how many hours a day? How many hours a day do they work in your establishment?

Mr. RUEGG. Some places 44; in other places 48.

Senator LA FOLLETTE. No, no; by the day, not by the week.

Mr. RUEGG. Nine hours, at the most; some places eight hours.

Senator LA FOLLETTE. Do women or men, or girls or boys operate these looms?

Mr. RUEGG. Not many boys or girls, but women and men—some younger women and younger boys, but not anything approaching child labor, or anything like that.

Senator LA FOLLETTE. How many yards of cloth, of the sort that you say costs 85 cents a yard, would be produced by these three looms in a day?

Mr. RUEGG. That is a matter for a very expert technician to estimate.

Senator LA FOLLETTE. Can you not state approximately?

Mr. RUEGG. Oh, about 10 or 12 yards for a loom. Isn't that so, Mr. Cheney?

Mr. CHENEY. It depends on the silk they are made of. It might run from 10 to 12 yards a day.

Senator LA FOLLETTE. Per loom?

Mr. RUEGG. Yes.

Senator LA FOLLETTE. Then, one operative would produce 30 to 36, or 38 or 40 yards a day of this cloth?

Mr. RUEGG. If they were put on three looms, I would not give them over 30 yards.

Senator LA FOLLETTE. We are getting something definite now. What do you pay an hour for that operative?

Mr. RUEGG. Our wages average around——

Senator LA FOLLETTE (interposing). No; for the operative that runs the three looms, a man, for instance?

Mr. RUEGG. He gets about 42 or 45 cents an hour.

Senator LA FOLLETTE. A woman?

Mr. RUEGG. About the same.

Senator LA FOLLETTE. Girls?

Mr. RUEGG. The same. It is mostly piecework.

Senator LA FOLLETTE. That is all.

Mr. RUEGG. Now, I want to bring this out, that our business on imported goods is going on increasing, and our business on domestic goods is declining. We are curtailing our production, not running our looms and not furnishing full employment, and, of course, we would like to have an increase in the duty to enable us to do better. Thank you.

WOVEN AND PILE FABRICS.

[Paragraphs 1205 and 1206.]

STATEMENT OF SAMUEL KRIDEL, NEW YORK CITY, REPRESENTING SILK ASSOCIATION OF AMERICA.

Mr. KRIDEL. I should like to read from a few notes that I have here. It will not take very much of your time.

We herewith beg to submit, as a committee representing manufacturers of silk goods in the United States, as well as traders and importers of silk goods mostly, all members in good standing of the Silk Association of America——

Senator WATSON (interposing). Are you an importer?

Mr. KRIDEL. I am a manufacturer. I am the head of the firm of commission agencies for 90 per cent domestic goods, in the manufacture of silk, and about 10 per cent of foreign goods.

Senator WATSON. That is to say, of all the goods you handle, 10 per cent are imported?

Mr. KRIDEL. And 90 per cent are domestic silk. I am an officer and treasurer of three manufacturing silk concerns in this country as well.

Senator WATSON. Your factories manufacture silk altogether, do they, and you import silk?

Mr. KRIDEL. No; we do not import. We represent importers. That is, we are the selling agencies of exporters of foreign silks.

Senator WATSON. From what country do you import, or from what countries?

Mr. KRIDEL. From France, Switzerland, and Japan.

Senator WATSON. Any from Germany?

Mr. KRIDEL. Very little from Germany.

We want to give our views and reasons in the arguments presented herewith, accompanied by illustrated charts of figures for protesting against the high rates of duties in the Fordney tariff bill, and as opposing the views taken by the extremists and other high protectionists desirous of prohibiting any silk goods from being imported into this country.

We protest most particularly against:

(1) Paragraph 1205, the catch-all clause provision of 31 per cent ad valorem on American valuation.

(2) Paragraph 1205, the specific rates therein provided for as would apply to Chinese silks and Japanese pongees.

(3) Paragraph 1205, page 133, lines 5 to 12, inclusive, relating to an additional duty of 25 cents per pound on fabrics composed of threads or yarns containing more than 30 turns of twist to the inch, or woven on Jacquard looms, or having more than one color in the filling.

(4) Paragraph 1206, page 134, lines 15 to the end of the paragraph, relating to specific rates on velvet or plush ribbons.

(5) Schedule 3, paragraph 382, relating to 55 per cent ad valorem on American valuation of woven fabrics made of tinsel wire, lame, or lahn.

Neither from a protective nor an administrative standpoint can the provisions referred to be justified. On the contrary, we believe that their retention will not only prohibit imports, but will be harmful to the American silk industry and to the American consumer.

In 1914 the silk industry of America supplied 88 per cent of the total domestic consumption of silk goods, including knit goods; all imports of dutiable suits in that year amounting to only 12 per cent of domestic consumption. During the six years 1914 to 1919 the disparity between imports and domestic production of silks grew steadily greater, notwithstanding that the rates of duties under the Underwood bill of 45 per cent, which the high protectionists claim were too low. The total imports in 1919 equaled only 6 per cent of the total domestic production, while the American industry supplied 94 per cent, a virtual monopoly.

Senator WATSON. Do you think that the war had nothing to do with that?

Mr. KRIDEL. No, sir.

Senator WATSON. Not a thing?

Mr. KRIDEL. No, sir.

The extreme protectionists, who take exception to our moderate views, would squeeze out from our commerce the small percentage of imports referred to, thereby acquiring the entire field for themselves to exploit as they please.

I want to quote from a brief which Mr. Cheney filed before the Ways and Means Committee, in which he said:

It is not the intention or desire of the silk producers of the country to exclude entirely foreign importation. They believe that the level of importation which ruled a considerable number of years was desirable and helpful, stimulating their industry, giving it new impetus and information, and incidentally supply the American market with many things which, because of their character, were not readily produced here, and for which there was market entitled to be supplied. That tariff, they believe, would be in the end more advantageous for the silk industry of the

United States, which did not prevent its extension and growth here, but maintained a reasonable flow of importation.

We believe that a further extension of the monopoly of the American silk industry is unwarranted. We believe that a modicum of imports is not only desirable from the standpoint of the American consumer, but is essential to the American industry itself as a stimulus to artistic production.

Now, silks are imported, as we all know, from France——

Senator LA FOLLETTE (interposing). Is that all quoted from Mr. Cheney's brief?

Mr. KRIDEL. In part.

Silks are imported into the United States from France, Japan, China, Switzerland, Italy, and to a minor extent from other countries.

Our imports from Japan consists principally of habutai and pongees. Imports of articles such as georgette, and crêpe de chines have been attempted, but with disastrous results, and only at a time when speculation was rife. Fabrics such as brocades are rarely imported, or find a ready market here. Yarn dyed silks have never come from Japan. It has been stated by the extreme protectionists that certain domestic manufacturers were put in the humiliating position of importing habutai instead of producing them on their own looms, but that was due solely to the fact that, during the great boom in 1919 and 1920 in the silk industry, the looms of all manufacturers here were filled with domestic articles, and these manufacturers even purchased large quantities of habutai for converting purposes, and thereby helped to swell imports. Japanese habutai are exported from Japan to other foreign silk producing countries of the world, and are never restricted, and which countries do not mind that they interfere with the production of their own particular silk goods.

From France are imported mostly fancy silks and novelties, and sheer fabrics, such as chiffons, veilings, etc., which light fabrics are not very productive for our looms.

From China we import mostly Shantungs, Ninghais, and Honans. These articles are woven in very primitive fashion on hand looms.

From Switzerland and Italy mostly yarn dyed silks have in the past been imported, but even the Underwood duty of 45 per cent has prohibited their importation in recent years to a great extent. There are also ribbons imported from Switzerland and France, such importations being less than $500,000 in 1919, as against $66,000,000 of domestic produced goods during the same period.

From Germany, velvets and plushes are imported, even at the low extreme value, no noticeable quantities have been imported recently.

The entire imports of velvets and plushes during 1919 from all countries amounted to $1,145,000, against a domestic production of $42,500,000.

Senator CALDER. Have you the figures for the following year, 1920?

Mr. KRIDEL. Not for 1920, because they were abnormal, going into a tremendously high ratio to the price of raw materials.

Senator CALDER. You say the imports were abnormal?

Mr. KRIDEL. No, I do not. I say even the imports were not abnormal, but the prices——

Senator LA FOLLETTE (interposing). Conditions were abnormal?

Mr. KRIDEL. Conditions. Prices had risen to four times that value in some instances.

We will now submit various statistics, illustrated by charts, of the quantities of silk imported into the United States, and a comparison of imports to domestic production. These statistics were gathered and compiled by Mr. Armin C. Stapfer, formerly an examiner of silks in the United States appraisers' stores, and were derived from official reports of the United States Bureau of the Census, United States Department of Commerce, and other authentic official sources.

(The statistics referred to are as follows:)

TABLE 1.—*Detailed report of dutiable silks for consumption.*

[From Department of Commerce, Table 9, calendar years.]

	1914		1919	
	Pounds.	Value.	Pounds.	Value.
Silk, partly manufactured	23,350	$338,000	717,953	$2,089,492
Spun silk	3,054,071	5,718,631	2,255,235	9,548,871
Thrown silk	64,389	270,933	12,599	126,803
Sewing silk	3,031	12,939	5,282	24,295
Woven fabrics in the piece	2,469,285	11,984,821	3,123,886	28,416,781
Plushes:				
Velvet [1] $2,998,396				
Velvet ribbons [1] 1,181,894				
Total pile fabrics		4,171,390		1,608,864
Bandings, hatbands			22,199	20,389
Boltings, garters			71,287	2,612
Tassels, etc		527,666	363,925	13,795
Braids			803,062	57,263
Handkerchiefs and muffiers		370,955	1,688,834	1,671,320
Laces and embroideries		4,245,107		4,999,844
Ribbons		2,046,967		182,050
Silk		21,775		
Wearing apparel		4,225,844		4,329,473
All other silks n. s. p. f		1,090,285		602,638
Total		34,797,676		53,694,400

[1] Including hatter's plush.

TABLE 2.—*Domestic production of silk goods, 1914 and 1919.*

[From Bureau of Census, Department of Commerce, preliminary report.]

	1914		1919	
	Yards.	Value.	Yards.	Value.
Broad silks	216,034,000	$137,720,000	307,104,000	$391,226,000
Velvet	16,318,000	8,570,000	16,150,000	20,950,000
Plushes	9,115,000	10,136,000	5,860,000	21,602,000
Upholstery and tapestries	478,000	840,000	516,000	2,157,000
Total woven fabrics	241,945,000	157,266,000	329,630,000	435,935,000
Ribbons		38,201,000		66,053,000
Yarns	7,239,000	30,283,000	14,679,000	102,784,000
Laces, veilings, nets, etc		1,362,000		5,953,000
Fringes and gimps		1,025,000		3,464,000
Braids and bindings		3,074,000		12,837,000
		14,380,000		22,728,000
Contract work		8,400,000		39,192,000
Total		254,011,000		688,946,000

TABLE 3.—*Expansion of the silk industry since 1899.*

[Extract from Census of Manufactures, 1914.]

	1899	1904	1909	1914	1919
Number of establishments	483	624	852	902	1,371
Persons engaged	68,550	84,153	105,238	115,571	
Wage earners	65,416	79,601	99,037	108,170	
Capital	$51,007,537	$109,556,021	$152,158,002	$210,071,679	
Salaries	$3,134,352	$4,742,270	$7,527,279	$10,506,905	
Wages	$20,982,194	$26,767,943	$38,570,085	$47,108,469	
Paid for contracts	$6,570,291	$6,859,586	$12,008,744	$14,550,762	
Cost of material	$62,406,665	$75,861,188	$107,766,916	$144,442,321	
Value of products	$107,256,258	$133,288,072	$196,911,667	$254,011,257	$688,946,000
Value added by manufacturers	$44,849,593	$57,426,984	$89,144,751	$109,568,926	

TABLE 4.—*Silk imported into the United States of America—Countries of export and foreign invoice values, fiscal years 1917–18 to 1920–21, July 1 to June 30 (including warehouse entries).*

[Reported by the Bureau of Foreign and Domestic Commerce, Washington, D. C.]

	1920–21		1919–20	
	Weight.	Value.	Weight.	Value.
Fabrics in the piece:				
France	272,388	$2,406,367	418,475	$2,735,62[illegible]
Italy	34,359	250,924	23,827	149,87[illegible]
Switzerland	122,483	1,113,562	97,135	976,692
China	496,368	1,288,373	416,813	1,870,622
Japan	2,543,006	16,640,018	3,222,899	43,928,079
Other countries	198,299	1,697,682	97,034	958,233
Total	3,666,903	23,396,926	4,276,183	50,619,12[illegible]
Ribbons, not over 12 inches in width	[1] 7,965,531	891,744	[1] 6,401,260	536,10[illegible]
Laces and embroideries:				
France		4,792,258		5,025,50[illegible]
United Kingdom		793,739		1,691,923
Japan		238,528		339,899
Other countries		507,982		369,137
Total		6,332,507		7,426,46[illegible]
Velvets, plushes, and other pile fabrics	244,765	2,039,989	361,497	2,138,857
Wearing apparel:				
France		2,749,610		2,602,539
Switzerland		169,562		145,033
United Kingdom		497,125		325,101
Japan		1,683,894		2,262,717
Other countries		421,703		326,968
Total		5,521,894		5,662,360
Bandings, bindings, beltings, etc		482,288		188,911
All other manufactures		5,940,890		6,972,749
Total silk dutiable		54,657,095		87,022,424
Total silk manufactures		55,348,266		87,729,166

	1918–19		1917–18	
	Weight.	Value.	Weight.	Value.
Fabrics in the piece:				
France	82,155	$673,889		$1,285,154
Italy	6,953	43,605		112,892
Switzerland	15,000	95,942		208,517
China	183,418	452,029		1,299,621
Japan	1,233,339	10,959,396		9,560,992
Other countries	39,794	351,580		287,245
Total	1,560,659	12,576,441		12,754,421
Ribbons, not over 12 inches in width	[1] 534,679	68,204		112,469
Laces and embroideries:				
France		2,269,576		1,770,077
United Kingdom		278,136		340,266
Japan		140,598		151,001
Other countries		69,885		166,632
Total		2,758,195		2,427,976
Velvets, plushes, and other pile fabrics	61,020	352,342	95,929	635,306
Wearing apparel:				
France		1,352,635		982,639
Switzerland		32,816		47,340
United Kingdom		114,746		185,522
Japan		886,066		1,001,208
Other countries		64,213		147,429
Total		2,450,476		2,364,138
Bandings, bindings, beltings, etc		46,952		159,051
All other manufactures		3,643,725		2,908,980
Total silk dutiable		28,271,984		29,967,600
Total silk manufactures		29,349,198		30,899,934

[1] Yards.

TABLE 5.—*Total imports inclusive, bonded warehouse entries, woven fabrics in the piece.*

[Nine months ending September.]

	1919	1920	1921
France	$912,796	$2,415,610	$1,843,639
Italy	42,518	215,660	260,675
Switzerland	146,020	1,096,234	665,948
China	238,765	1,414,725	1,575,693
Japan	12,161,948	25,602,677	15,207,650
All others	307,081	1,197,324	1,028,759
Total	13,809,130	31,942,230	20,582,364

TABLE 6.—*Importations of raw silk only, fiscal years 1871–72 to 1920–21, July 1 to June 30, at all ports of the United States, pounds and foreign invoice value.*

[Reported by the Bureau of Foreign and Domestic Commerce, Washington, D. C.]

Fiscal year ending June 30.	Total pounds.	Invoice value.		Fiscal year ending June 30.	Total pounds.	Invoice value.	
		Per pound.	Total.			Per pound.	Total.
1920–21	99,462,745	$6.17	$181,882,615	1895–96	8,000,621	$3.28	$26,246,902
1919–20	47,127,122	9.29	437,939,485	1894–95	7,974,810	2.76	22,029,068
1918–19	34,299,044	5.91	202,606,580	1893–94	4,956,875	3.15	15,627,822
1917–18	34,846,197	5.25	183,076,241	1892–93	7,422,430	3.91	29,055,557
1916–17	33,868,885	4.61	156,085,649	1891–92	7,521,342	3.23	24,321,494
1915–16	33,070,902	3.61	119,484,223	1890–91	4,917,688	3.66	17,994,654
1914–15	26,030,925	3.09	80,531,785	1889–90	5,943,360	3.92	23,285,099
1913–14	28,594,672	3.42	97,828,243	1888–89	5,329,646	3.48	18,544,025
1912–13	26,049,472	3.15	82,147,523	1887–88	5,172,929	3.70	19,151,033
1911–12	21,609,520	3.11	67,173,382	1886–87	4,599,574	4.06	18,687,245
1910–11	22,379,998	3.25	72,713,984	1885–86	4,754,626	3.62	17,232,505
1909–10	20,363,327	3.21	65,424,784	1884–85	3,424,076	3.63	12,421,739
1908–9	23,333,750	3.38	78,830,568	1883–84	3,222,546	3.87	12,481,496
1907–8	15,424,041	4.13	63,665,534	1882–83	3,255,324	4.31	14,042,696
1906–7	16,722,207	4.20	70,299,518	1881–82	2,887,776	4.46	12,885,149
1905–6	14,505,324	3.64	52,855,611	1880–81	2,531,617	4.30	10,889,675
1904–5	17,812,133	3.34	59,542,892	1879–80	2,562,246	4.69	12,024,699
1903–4	12,630,883	3.52	44,461,564	1878–79	1,893,311	4.43	8,390,327
1902–3	13,637,206	3.59	49,002,597	1877–78	1,182,750	4.31	5,103,084
1901–2	12,620,682	3.31	41,714,331	1876–77	1,186,170	5.73	6,792,937
1900–1	9,139,617	3.21	29,353,777	1875–76	1,354,991	4.00	5,424,408
1899–1900	11,259,310	3.96	44,549,672	1874–75	1,101,681	4.08	4,504,306
1898–99	9,691,145	3.28	31,827,061	1873–74	794,837	4.84	3,854,008
1897–98	10,315,162	3.05	31,446,800	1872–73	1,159,420	5.57	6,460,621
1896–97	6,513,612	2.84	18,496,944	1871–72	1,063,809	5.28	5,625,620

Fifty years' average invoice value, $4.34 per pound.

SILK INDUSTRY GROWS THREEFOLD.

[Extract from Silk Journal, August, 1921.]

Surprising expansion of the silk-goods industry in the United States is shown in the past five years, the total value of silk products in 1919 being $688,946,000 as compared with $254,011,000 in 1914, showing a nearly threefold growth in the industry during this period, according to figures supplied by the Census Bureau at Washington.

The Government's preliminary statement of the 1920 census of manufactures of silk goods, giving the above figures, cover the silk goods used primarily in the manufacture of all-silk and silk-mixed woven fabrics, yarns, etc.

The value of ribbon products was almost doubled in the last five years, being $38,201,000 in 1914 and $66,058,000 in 1919.

In addition to the above totals, other establishments properly classed in the knit-goods industry reported products made from silk valued at $207,370,000 in 1919 and $41,261,000 in 1914 increased five times in five years.

The character of the knitted silks with their respective values, of which the above totals are composed, is shown alternately for the census of 1919 and 1914 in the following:

Hosiery, $98,333,000 and $29,793,000, a threefold increase.

Underwear, $13,562,000 and $2,808,000, increased six times.

Fancy knit goods, including sweaters, $88,926,000 and $5,042,000, an increase of approximately seventeen times the latter.

Knitted cloth, $6,437,000 and $2,739,000; increased three times.

The States which represented the silk-goods industry in 1919 with the number of establishments for each are as follows: New Jersey, 686; Pennsylvania, 373; New York, 183; Connecticut, 41; Rhode Island, 30; Massachusetts, 21; Virginia, 10; Indiana, 6; Illinois, 4; Maine and North Carolina, 3 each; Michigan, New Hampshire, and Tennessee, 2 each; and California, Delaware, Georgia, Ohio, and West Virginia, 1 each.

Although New Jersey has the largest number of establishments, Pennsylvania reported 33.6 per cent of the total value of products for the United States against 31.2 per cent for New Jersey, followed by New York with 11.9 per cent; Connecticut, 9.8 per cent; Massachusetts, 4.9 per cent; and Rhode Island, 3.9 per cent. The combined value of products for these six States is 95.5 per cent of the total value of products for the silk-goods industry.

The figures are an interesting revelation in regard to the State of Connecticut, which stands fourth in the number of silk manufacturing plants and in the aggregate value of silk products annually. Connecticut nearly tripled in the first five years after the beginning of the war its annual production of silk and goods. The value jumped from $24,893,078 in 1914 to $67,516,708 in 1919, being 9.8 per cent of the total production in the United States.

The value shown for contract work is the amount received for work performed on materials furnished by others and does not include the cost of materials. The larger part of this value, or $28,719,000, represents the amount received by throwsters, primarily for the production of organzine, tram, and hard crêpe twist.

The statistics for 1919 and 1914 are summarized in the following table. The figures for 1919 are preliminary and subject to such change and correction as may be necessary from a further examination of the original reports.

TABLE 7.—*Silk manufactures—Comparative summary for the industry, 1919 and 1914*

	1919	1914	1919	1914
Number of establishments			1,371	902
Value of products			$688,946,000	$254,011,000
Broad silks, velvets, plushes, upholstery, and tapestries	*Yards.*[1] 329,630,000	*Yards.*[1] 241,945,000	*Value.* $435,935,000	*Value.* $157,266,000
Broad silks	307,104,000	216,034,000	391,226,000	137,720,000
All silk goods	250,151,000	142,717,000	331,196,000	93,210,000
In the gray	92,210,000	(2)	110,670,000	(2)
Piece dyed	62,772,000	59,304,000	89,459,000	38,820,000
Printed	8,275,000	4,528,000	11,921,000	2,637,000
Yarn dyed	85,414,000	78,882,000	118,199,000	55,233,000
Yarn dyed, warp printed	480,000	(2)	947,000	(2)
Mixed goods	56,953,000	73,320,000	60,030,000	41,030,000
In the gray	34,953,000	(2)	27,000,000	(2)
Piece dyed	8,934,000	39,559,000	12,811,000	21,843,000
Printed	1,188,000	311,000	1,078,000	204,000
Yarn dyed	11,878,000	33,450,000	19,151,000	18,983,000
Velvets	16,150,000	16,318,000	20,950,000	9,570,000
Plushes	5,860,000	9,115,000	21,602,000	10,138,000
Upholstery and tapestries	516,000	478,000	2,157,000	840,000
Silk threads or yarns:	*Pounds.*	*Pounds.*		
Organzine	886,000	1,493,000	9,122,000	6,325,000
Tram	3,612,000	2,577,000	31,494,000	9,699,000
Hard or crêpe twist	1,071,000	(2)	12,011,000	(2)
Spun silk:				
Singles	1,764,000	1,607,000	23,807,000	4,577,000
Two or more ply	2,193,000			
Noils, exceeding 2 inches in length	917,000	(2)	1,673,000	(2)
Other waste silk, including noils 2 inches or less in length	1,028,000			
Machine twist	774,000	660,000	10,644,000	4,037,000
Sewing and embroidery silk	514,000	902,000	7,079,000	5,645,000
Fringe and other floss silk	38,000		501,000	
All other	1,272,000	(2)	6,453,000	(2)
Ribbons			66,053,000	38,201,000
Laces, embroideries, nets, veils, veilings, etc.			5,953,000	1,362,000
Fringes and gimps			3,464,000	1,025,000
Braids and bindings			12,837,000	3,074,000
Military and tailors' trimmings			1,317,000	642,000
All other products			21,411,000	13,758,000
Contract work			39,192,000	8,400,000

[1] Single width.
[2] Not separately reported in 1914.
[3] In 1914 included in all other products.

Silk dress goods exported into this country during May totaled 240,172 yards, valued at $261,348, according to the Bureau of Foreign and Domestic Commerce. Canada, importing 179,207 yards, valued at $198,064, formed the market of first importance for American silk dress goods, while Mexico ranked second with 39,107 yards, valued at $37,179. England, Cuba, Australia, Uruguay, and the Philippine Islands followed in value of goods imported.

TABLE 8.—*Japan—Commodities index.*

	1913	1914	1915	1916	1917	1918	1919	1920
January	134	130	120	145	168	224	277	398
February	133	128	123	153	166	233	275	414
March	132	128	125	154	167	238	267	425
April	132	127	127	153	173	243	267	397
May	131	125	128	150	182	242	278	359
June	132	125	127	147	190	245	295	327
July	130	125	125	147	206	252	319	316
August	130	127	126	151	221	267	324	311
September	132	129	126	153	214	274	332	304
October	133	125	127	167	214	280	352	298
November	132	121	133	168	212	278	370	292
December	131	119	141	172	216	277	383	.....

TABLE 9.—*Cost calculation of habutai and pongee.*

[Basis: Raw silk, 1,450 yen per piece; tussah, 700 yen per piece.]

Description.	Weight of 1 piece in raw.	Warp.		Weft.		Charges.				
		Weight of warp per 1 piece.	Cost of warp.	Weight of weft per 1 piece.	Cost of weft.	Weave.	Boil and finish.		Total.	Cost of piece.	Per 100 mm.
Kaga, 36 by 5	310	120	900	10.80	190	870	16.53	1.22	50	2.30	4.02	31.35	13.06
Echizen, 36 by 6	380	185	900	16.65	195	860	16.77	1.10	70	2.43	4.23	37.65	13.07
Echizen, 36 by 8	505	240	890	21.36	365	840	22.26	1.10	70	3.70	5.50	49.12	12.80
Echizen, 36 by 10	750	320	890	28.48	430	830	35.69	1.30	90	5.49	7.69	71.86	12.47
Pongee, 33 by 12	630	330	440	14.52	300	440	13.20	1.20	1.30	5.50	8.00	35.72	6.77

Table 1 is a comparative report of dutiable silks during the calendar years 1914 and 1919, showing in 1914 $34,000,000 imported and in 1919 $53,000,000.

Table 2 is a comparative report on domestic silk production in 1914 and 1919, exclusive of knit goods, and shows $254,000,000 of domestic production of silk goods in the United States in 1914 and in 1919 $688,000,000.

Senator WATSON. Have you the figures for 1920 and 1921, up to the present time?

Mr. KRIDEL. I have, for 10 months. I will come to that farther on.

Table 3 shows the expansion of the domestic-silk industry since 1899, showing in 1899 that the value of products was $107,000,000, as against $688,000,000 in 1919.

Table 4 shows the value of imported goods from various foreign countries during 1918—the fiscal years 1917–18 and 1920–21—from the detailed reports of the amounts from each particular country, but those you will find in the record afterwards.

For the 10 months of 1919, 1920, and 1921 the imports were as follows—that is, all that we have available from the Department of Commerce reports.

Senator CALDER. What years?

Mr. KRIDEL. 1919, 1920, and 1921; that is, ending September 30 in each year. I believe that is for nine months. In 1919 the imports were $13,800,000; in 1920, $31,942,000; and in 1921, $20,582,000.

Senator SUTHERLAND. For 10 months of each year?

Mr. KRIDEL. Nine months of each year—that is, only for woven fabrics in the piece.

I would like to show you these charts.[1] Mr. Stapfer, will you please come forward and show them? This chart, A [indicating], shows the expansion of domestic production of principal silk fabrics from 1914 to 1919, in relation to imports. This chart illustrates that all dutiable imports increased approximately 50 per cent from 1914 to 1919, whereas domestic production increased approximately 175 per cent. That is exclusive of knit goods.

The next chart will show including silk knit goods.

This illustrates that imports, where knit goods are included in our imports, increased approximately 50 per cent, whereas domestic production increased 200 per cent. These reports are from the Department of Commerce.

Senator LA FOLLETTE. What do those colors indicate?

Mr. STAPFER. Black represents the import: red represents the knit goods: and yellow represents other domestic products.

Mr. KRIDEL. Chart C shows the increase of raw-silk imports in the United States. This illustration further substantiates the great increase in domestic production, as illustrated in charts A and B the increase in poundage of raw silk.

Chart D shows the imports of silk fabrics in the piece, imported during the fiscal years from 1911 to 1920. This chart is a reproduction of the chart submitted to the Ways and Means Committee by Mr. Cheney. The enormous and erratic increase demonstrated in this chart between the fiscal years of 1920 and 1921 is quite disturbing. This erratic rise in the figures from $12,556,441 to $50,619,129 is due to the following causes: (1) The fiscal year of 1920 takes in the fall season of 1919 and spring season of 1920, including merchandise entered in bonded warehouses and subsequently exported. We have added three more columns explaining the situation, namely: Blue column, $38,314,347, the same fiscal year, showing bonded warehouse goods deducted, because these goods were not entered for consumption and were reexported. The gray column shows $35,541,422 total imports during 1920 calendar year, instead of $50,000,000 for the fiscal year, including bonded warehouse entries. The red columns show $25,433,921 during the calendar year, showing the amounts imported for consumption only.

Our figures are official figures of the summaries of the Department of Commerce. It must be evident from this chart that statistics can be applied in different ways. As the silk business is a seasonable business, spring and fall, figures stretching over a calendar year will give a much better and fairer illustration.

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[1] All charts referred to by Mr. Kridel are omitted in printing, but are on file with the committee.

We come now to a comparison of imports and domestic production. It is significant that the extremists, whose tariff views, if followed, would place an embargo on silk, failed utterly, when making their plea before the Committee on Ways and Means at the time of their recent tariff hearings, to make any reference to the present size of our domestic industry or to its steady growth for many years past or to the relative insignificance of the quantity and value of silks imported during the same period. Though pointing out at some length by word, figures, and graphic illustrations the increase in imports, and particularly those from Japan in the fiscal year ending June 30, 1920, they carefully refrained from mentioning the much greater increase in the production and sale of domestic silks for the same period. Were we to add to the domestic production the figures for domestic wearing apparel and handkerchiefs which are not ascertained, the ratio of imports to domestic production would be far less than that indicated and illustrated above.

With regard to wages and living costs in foreign countries, a great deal has been mentioned by the high protectionists about the increased cost of production in this country, and they have tried to create the impression that the wages of other countries have remained stationary, and no mention is made regarding our superior efficiency. In no other country in the world is so much stress made on high production and efficiency.

As a fair illustration of wage and living conditions in Europe, we desire to refer to the special agent's report, series 210, issued by the Department of Commerce. We have made an illustrative chart from this report. In Switzerland wages, as well as the cost of living, have advanced between 200 and 233 per cent above the prewar basis, and working hours have been reduced to 48 hours per week.

We also wish to direct your attention to the Swiss Government provision regarding unemployment. In case of unemployment the wage earners receive between 60 and 70 per cent of their earnings during the period of the unemployment. This naturally increases the overhead enormously.

The Swiss weaver earned during 1920 between 13 francs and 15 francs per day, or about $2.50 in United States currency. The Swiss exchange has remained practically normal. The wages would be about equal to wages paid in our industry during 1916–17, with no allowance for differences in efficiency.

The wages of other silk-weaving countries, such as France and Italy, follow very closely to the Swiss basis. Germany and Austria were never any great factors in the silk business.

Japanese wage costs have increased between 300 per cent and 350 per cent over the prewar basis. From our careful investigation we consider the wages of Japan about one-sixth of our wages, and not one-tenth, as claimed by some protectionists. This will be borne out by the investigation of the United States Tariff Commission.

We also wish to point out the vast difference in efficiency, which we believe is at least between 50 and 70 per cent, and which will consequently offset wages correspondingly. The wages paid to reeling girls in Japan, as well as conditions that exist in the reeling industries as outlined by Mr. Cheney, have in our opinion no bearing as a basis of comparison with wages paid in our reeling industry, and are apt to be misleading. Low wages and inefficiency usually go hand in hand.

It certainly makes a vast difference whether a weaver operates one slow and primitive loom in Japan or three or four modern high-speed looms in this country.

We wish to demonstrate by the following charts and tables the increased cost of living both in Switzerland and Japan. I will say, for the record, that the information is from the Japanese commodity index, which was furnished by Mitsui & Co., of Yokohama.

Senator CALDER. You state that Japanese labor is less efficient?

Mr. KRIDEL. Yes, sir.

Senator CALDER. What would you say the degree was?

Mr. KRIDEL. We state between 50 and 75 per cent.

Senator CALDER. In other words, a mill hand in this country would do twice as much work?

Mr. KRIDEL. Two or three times as much work in the same day with our high-speed looms as compared with the looms that they have in their country, which are primitive looms, and slow-weaving looms.

Senator CALDER. We have had witnesses here to-day say that they have bought a great deal of new machinery over there.

Mr. KRIDEL. I do not know whether that great amount of machinery purchased by them was purchased for silk weaving. I can hardly think that would be possible. They have been weaving silks in their country long before we have, and I doubt whether they are buying. I believe that the great amount of textile machinery bought by Japan was for the purpose of making cotton goods, and I think that can be established very well by the fact that we are exporting in raw cotton enormous quantities to Japan, and they are really weaving a good deal of cotton.

Senator CALDER. The weaving of silk was an industry in China for generations?

Mr. KRIDEL. And also in Japan.

Senator CALDER. Has that been the case in Japan?

Mr. KRIDEL. Yes. It has been an industry there for a great many years.

Senator McLEAN. Why would they not adopt modern machinery for making silk goods just as rapidly as they would for cotton goods?

Mr. KRIDEL. I really can not understand why they would not. To make all kinds of silks, it requires a great deal of manipulation, in the matter of spinning the yarn, and dyeing it afterwards, and putting it in shape for the usual American or foreign consumption.

Senator McLEAN. The labor cost is a very important item?

Mr. KRIDEL. They could do it if they wanted to, but years and years have gone by, and they have not progressed in that direction at all. They could do it if they wanted to put their minds to it.

Senator CALDER. They have progressed in every other direction. They can build modern battleships.

Mr. KRIDEL. Take ribbons, which are made in most silk-producing countries in the world. Not one yard of ribbon ever comes from Japan. I never heard of it being woven over there, or any yarn-dyed silks. It is only that they confine themselves to this article you have heard so much about, this light-weight habutai.

I would like to relate the effects of the Fordney bill catch-all provision of 31 per cent on American valuation, paragraph 1205. The illustrations indicated below are taken from actual shipments and exhibits submitted to the Treasury Department investigators

on American valuation. I think it is your investigators on this committee that were appointed to investigate as to the effects of the American valuation rates as outlined in the Fordney bill. The rates of the proposed Fordney bill would consequently act particularly disastrous to imports from France.

(The illustrations referred to are as follows:)

Brocaded crêpe, quality 3075, imported by Wullschleger & Co.:	
Foreign cost in United States	$1.71
Landed cost	1.81
Net selling price	3.25
Present rate of duty (45 per cent)	.77
Proposed rate of duty, 31 per cent on American valuation (59 per cent ad valorem on foreign value)	1.01
Crêpe chiffon, quality 1987, imported by Combier & Co.:	
Foreign cost in United States	.38
Landed cost	.40
Net selling price	.88
Present duty (45 per cent)	.17
Proposed Fordney rate of 31 per cent on American valuation (71 per cent ad valorem on foreign value)	.27
Metal thread satin, quality 69027, imported by Menke, Kaufman & Co.:	
Foreign cost in United States	2.22½
Landed cost	2.42½
Net selling price	4.10
Present duty (45 per cent)	.89
Proposed Fordney rate of 55 per cent on American valuation (101 per cent ad valorem on foreign value)	2.25
Brocaded velvet, quality 74680, imported by Menke, Kaufman & Co.:	
Foreign cost in United States	3.01
Landed cost	3.28
Present duty (50 per cent)	1.50
Net selling price	5.46
Proposed Fordney rate of 33⅓ per cent on American valuation (60 per cent ad valorem on foreign value)	1.80
Ribbon (metal thread chief value), quality 9019, imported by Langenieux & Sopp:	
Foreign cost in United States	2.01½
Landed cost	2.11¼
Net selling price	3.95
Present duty (40 per cent)	.80
Proposed Fordney rate of 55 per cent (par. 382) on American valuation (108 per cent ad valorem on foreign value)	2.17½
Ribbon (metal chief value), quality 9013, imported by Langenieux & Sopp:	
Foreign cost in United States	1.91
Landed cost	2.00½
Net selling price	3.63
Present duty (40 per cent)	.76
Proposed Fordney rate of 55 per cent on American valuation (104 per cent ad valorem on foreign value)	1.99

Mr. KRIDEL. As the above-mentioned articles are not comparable in material, kind, and construction with domestic fabrics, the rates would be assessed under the American valuation plan on the selling price, with the above erratic prohibitive results. These rates will practically prohibit and shut out imports of silk goods from France.

With respect to the effects of the proposed rates on silk fabrics imported from China, we wish to give you a few representative exhibits showing the effects of the Fordney bill on Chinese fabrics. These articles are classified as: All silk, ungummed wholly or in part, according to latest Treasury decisions. Those are the articles which you have heard so much about to-day. We also invite your comparison and verification of our figures with the official information gathered by Treasury Department officials. According to actual

importations on these three articles, the specific rate in the Fordney bill would equal between 110 per cent and 236 per cent ad valorem on foreign value.

(The exhibits referred to are as follows:)

Honan pongee, 39 ounces to piece:	
700 pieces—	
Value, Shanghai taels	7,217.00
Exchange, $0.64	$4,619.00
Duty, 45 per cent	$2,078.00
Duty per piece	$2.97
(Equals 45 per cent ad valorem on foreign value.)	
Fordney duty, per pound	$3.00
Per piece	$7.31¼
(Equals 110 per cent ad valorem on foreign value.)	
Ninghai firsts, 123 ounces to piece:	
300 pieces, total net weight 2,326¼ pounds, value	$4,997.22
Duty, 45 per cent	$2,248.65
Duty per piece	$7.49½
(Equals 45 per cent.)	
Fordney duty, 123 ounces, per pound	$2.75
Per piece	$23.06½
(Equals 132 per cent ad valorem on foreign value.)	
Shantung, 35 ounces to piece:	
500 pieces, total net weight 1,100½ pounds—	
Value, Chefoo taels	2,062.32
At exchange, 0.6774	$1,397.00
Duty, 45 per cent	$628.65
Duty per piece	$1.24¾
(Equals 45 per cent.)	
Fordney duty, 35 ounces at $3 per pound	$6.56¼
(Equals 236 per cent ad valorem on foreign value.)	

Mr. KRIDEL. The proposed specific rates would practically shut out imports of woven fabrics from China. We have fabrics imported from China which are composed of tussah, or wild silk, which is about half the value of the real cultivated silk. These articles are known as Shantungs, Ninghais, and Honans. These articles are also correspondingly heavier, owing to the coarser filament of the silk, which would therefore further increase the duty rate. The rates undoubtedly would vary between 100 and 250 per cent, according to qualities and circumstances. In case specific rates should be adopted, this situation could be very easily remedied by a special schedule covering fabrics composed of tussah or wild silk, and this would be very practical. We shall propose further on an additional paragraph which would apply to goods woven from tussah or wild silk.

With regard to paragraph 1205, Fordney bill, provision of 25 cents per pound additional for fabrics having threads or yarn containing more than 30 turns of twist to the inch, we wish to state that the provision in the Fordney bill for 25 cents per pound additional duty for articles composed of twisted silk is both unnecessary and impractical. The verification, or the ascertaining of the number of twist, is a highly technical, scientific, and tedious process. It is very difficult to ascertain, even by the appraisers in the various ports of the United States, whether a woven fabric has 30 turns of twist to the inch, and the dividing line would be a matter of serious contention at all times. Our thrown silk industry has become particularly efficient in the production of such fabrics, and therefore in no case needs any extra protection.

With respect to paragraph 1205, relating to specific rates on plush or velvet ribbons, owing to the very narrow width of this product, and owing to this being a pile fabric, wherein the least deviation of cutting of the pile produces on one side a heavier weight than on the other side of the product, the duties therefore levied on a shipment might vary, so that an appraiser might examine in the same shipment a box containing light weight, and assess a whole shipment on this light weight, while in the same shipment there might also be heavy weight, or vice versa. This would certainly lead to great inaccuracy in ascertaining the net weights of such fabrics in a shipment. It is also impracticable to arrive at the weights, on account of the putting of the goods in question, the same coming on reels and put in cardboard boxes. These reels are fastened with tickets and nails. In order to ascertain the correct weight it would necessitate, in a great measure, destroying the appearance of the goods on account of disentangling the reels from the boxes.

With respect to paragraph 382, relating to silk fabrics made of tinsel wire, lame or lahn, 55 per cent on American valuation, that is not in the schedule, but it comes under another schedule, the metal schedule. Under the present Underwood Act the rate of duty on those fabrics is 40 per cent ad valorem. The rate proposed in the Fordney bill is 55 per cent ad valorem on American valuation. This would be an equivalent of from 110 per cent to 120 per cent ad valorem on foreign valuation. Even under the present Underwood Act the importations of these tinsel fabrics containing silk are very small. If the duty of 55 per cent ad valorem on American valuation were retained, it would almost completely shut out foreign importation, as has been shown in the illustrations before mentioned.

From the facts presented above, it can clearly be shown that the duties proposed on the American valuation basis, which we hereby protest once more, are too impractical and too uncertain and offer objections from almost every source, and for the following reasons:

First. In very few cases are foreign silks strictly comparable in construction, material, and kind to domestic silks.

Second. The basis of appraisal on the American valuation would be subject to great guesswork.

Third. The appraisal would vary in various ports of the United States, in accordance with the views of each individual appraiser and as comparable to the American valuation in each particular port.

Fourth. The difficulty of arriving at accurate cost figures on American fabrics presents another obstacle. To illustrate this uncertainty a letter from the Silk Association of America to all the manufacturers of broad silks is hereby attached, showing that on four separate styles of fabrics there was a variation in cost of calculations submitted by various manufacturers showing a difference of 40 per cent.

(The letter referred to is as follows:)

LETTER OF THE SILK ASSOCIATION OF AMERICA SHOWING VARIATIONS IN COSTS.

To all manufacturers of broad silk.

GENTLEMEN: It is well recognized that guesswork competition among manufacturers is both costly and wasteful, whereas intelligent cost calculation gives an opportunity for sound business competition. In order to establish a standard method of cost accounting for broad silk a committee on cost calculation has been organized by Division D of the Silk Association of America.

The aid and cooperation of every manufacturer of broad silk in the United States is sought in making the necessary comparison of costs for this work. Four broad silk standards, a colored taffeta, a black messaline, a crêpe de chine, and a georgette, have been selected for study. Each manufacturer is requested to figure the total net mill cost, including finishing, on the materials, using as a basis for figuring the construction prices on stock, etc., given on the inclosed blank.

The specification blanks are inclosed in duplicate so that one may be returned to the association on or before June 25, 1921, and the other kept for filing purposes. If for any other reason those making the reports do not care to reveal their identity they need not sign them, as each contains a confidential key number furnished by the statistical bureau of the association. It is not the object of the committee to establish any particular price, neither does it intend to go into the question of whether a manufacturer on account of his location pays a lower rate of wages than is paid elsewhere, as each manufacturer should be free to take any advantage offered by his favorable location.

Comments and suggestions from the trade on the work undertaken will be appreciated. The committee will be pleased to report its findings to those manufacturers who cooperate with it.

Yours, very truly,

RAMSAY PEUGNET.

Construction for colored taffeta (navy).—Warp, 168 ends per inch; reed, 56/3; 2-thread organzine; dye, 16/18; size, 13/15 denier. Filling: Picks, 92; 1 end; 3-thread tram; dye, 22/24 (bright); size, 13/15 denier. Price for organzine stock, $6.50; price for organzine throwing, $1.25; price for tram stock, $6; price for tram throwing, $0.80; width of goods, 36 inches; length of warp, 660 yards. Actual mill cost per yard, including finishing, ——— (do not figure profit or selling cost).

Construction for black messaline.—Warp, 162½ ends per inch; reed, 65/2/3; 2-thread organzine; dye, 20/22; size, 13/15 denier. Filling: Picks, 84; 1 end; 3-thread tram; dye, 30/32 (bright); size, 13/15 denier. Price for organzine stock, $6.50; price for organzine throwing, $1.25; price for tram stock, $6; price for tram throwing, $0.80; width of goods, 36 inches; length of warp, 660 yards. Actual mill cost per yard, including finishing, ——— (do not figure any profit or selling cost).

Construction for georgette.—Warp, 80 single ends per inch; reed, 40/2; 2-thread Georgette; tram size, 13/15 Denier; twist, 70 turns. Filling: Picks, 84; 1 end; 2-thread Georgette tram; size, 13/15 Denier; twist, 70 turns. Price of raw stock, warping and filling, $6.50; price of Georgette throwing, $2; width of goods in the grege, 47 inches; width of goods dyed, 40 inches; length of warp, 880 yards; dyeing and finishing cost, $0.08. Actual mill cost per yard, ——— (do not figure any profit or selling cost).

Construction for crêpe de chine.—Warp, 120 double ends per inch; reed, 60/2; size, 20/22 Denier. Filling: Picks, 80; 1 end; 5-thread canton crepe tram; size, 14/16 denier; twist, 60 to 65 turns. Price of raw stock, $6.50; price of canton stock, $5.50; price of crepe throwing, $1.50; width of goods in the grege, 44 inches; width of goods dyed, 40 inches; length of warp, 880 yards; cost of dyeing and finishing, $0.10. Actual mill cost per yard ——— (do not figure any profits or selling cost).

COMPARISON OF TOTAL NET MILL COSTS SUBMITTED TO THE COST CALCULATION COMMITTEE FOR BROAD SILKS OF THE SILK ASSOCIATION OF AMERICA.

Taffeta calculation: $1.35, $1.318, $1.306, $1.185, $1.17, $1.165, $1.14, $1.126, $1.115, $1.11, $1.07, $1.063, $1.057, $1.041, $1.04, $1.039, $1.035, $1.01, $1.00, $0.983, $0.965.

Messaline calculation: $1.25, $1.20, $1.156, $1.14, $1.102, $1.09, $1.08, $1.075, $1.07, $1.06, $1.05, $1.043, $1.042, $1.037, $1.01, $1.004, $1.00, $0.985, $0.981, $0.98, $0.963, $0.95, $0.944, $0.933, $0.908.

Crêpe de chine calculation: $1.50, $1.474, $1.471, $1.442, $1.42, $1.36, $1.354, $1.325, $1.317, $1.31, $1.304, $1.29, $1.27, $1.259, $1.256, $1 23, $1.22, $1.177, $1.17, $1.10, $1.08.

Georgette calculation: $1.10, $1.042, $1 025, $1.01, $1.005, $0.983, $0.975, $0.938, $0.927, $0.924, $0.92, $0.917, $0.912, $0.905, $0.891, $0.875, $0.87, $0.865, $0.86, $0.85, $0.84.

Mr. KRIDEL. In the inclosed letter it will be seen that each manufacturer has given full details as to construction and kind of material and basis of raw material.

Fifth. It would exclude to a very great extent importations of silk goods from France, a country to which the American silk industry is indebted for the creation of new ideas and new styles in the construction of American silk goods. It is the creative genius of France that has helped the American industry, and this should not be in any way discontinued by prohibiting almost entirely the further intercourse of the commerce in silk goods between us.

We would therefore sincerely urge you to amend the House bill by retaining the present 45 per cent ad valorem rate on the foreign value of the Underwood Act. In urging this, we have shown above conclusively that no fear can be entertained that there would be a greater influx of importation. It has been shown above that in the many years that the 45 per cent rate of the Underwood bill has been in force, and notwithstanding the great agitation for the past 10 months for increases in the tariff, that the importations in comparison with the domestic production have decreased considerably. Then why should any fear be entertained that the American industry would not be preserved? We, in part, as manufacturers, have never feared it, and there is nothing to show that we should at any future time fear it.

However, should it be the intent of the Senate to retain the specific rates in the House bill, then we certainly urge that none of these specific rates be made any higher, particularly as those rates in the Fordney bill are identically the same as the specific rates in the Payne-Aldrich tariff, which rates were condemned as indefensibly high. If these specific rates will be retained by the Senate, then we urge that the catch-all clause be the same as in the Payne-Aldrich bill, namely, 45 per cent on silk goods, and 50 per cent on velvets, foreign value. We furthermore request, as mentioned heretofore, that the part of paragraph 1205 of the Fordney bill, page 133, beginning with line 5 and terminating on line 12, relating to an additional duty of 25 cents per pound on goods containing twisted yarns, be entirely eliminated.

We furthermore request that the part of paragraph 1206 relating to velvet or plush ribbons, commencing on line 15 of page 134 and terminating on line 2 of page 135, be eliminated, and that velvet and plush ribbons be inserted in paragraph 1207, wherein ribbons made of silk are provided for.

We also request that a new paragraph be added to paragraph 1205, relating to silk fabrics made wholly or in part of tussah or wild silk, which should read as follows:

Woven fabrics in the piece, composed wholly or in chief value of tussah or wild silk, weighing more than 1½ ounces per square yard, but not more than 2½ ounces per square yard, if in the gum, $1.75 per pound; ungummed, wholly or in part, $2.25 per pound; if dyed or printed in the piece, or further advanced, $2.50 per pound; if weighing more than 2½ ounces, but not more than 8 ounces per square yard, if in the gum, $1.50 per pound; if ungummed, wholly or in part, $1.75 per pound; if dyed, printed, or further advanced, $2 per pound.

We furthermore request that paragraph 382, Schedule 3, pertaining to woven fabrics made of tinsel wire, lame or lahn, be amended, and that wherever silk might be contained in such woven fabrics the rate of duty be placed at 40 per cent ad valorem on foreign valuation, as now is provided in the Underwood Act.

In entering the above protests against the rates in the Fordney bill, and in the recommendations that we have made for such changes

and amendments, we have only one motive in view, namely, to show that the American industry will in no way be hurt or threatened, and to continue to provide the small intercourse of commerce between this country and the other silk-producing countries of the earth. We do this under the great economic theory to provide the most good for the greatest number, knowing that if we desire to sell the various products of this country abroad we must show an inclination also to purchase from foreign countries. These doctrines have been preached by the greatest of protectionists, President McKinley, in his speech at Buffalo at a time preceding his death, and then by President Harding in his last address on the convening of this Congress.

Surely, then, as it is shown above from the official authentic reports that the rates of the Underwood Act have only produced over a great number of years an importation of silks not in excess on the average of 7 per cent compared to the domestic production, and as it is also shown by the high protectionists, and per brief before the Ways and Means Committee filed by Mr. Cheney, that the level of importation which ruled a considerable number of years was desirable and helpful, the silk industry should therefore contribute its slight share toward the great economic principles as promulgated by Presidents McKinley and Harding, and that Congress should establish by its rates of duties on silk goods in the proposed new tariff bill its desire as well toward that end, and not increase the rates so as to prohibit these importations to the detriment of the silk producers of this country, to labor, and to the American consumer.

Senator McLEAN. How many hands do you employ?

Mr. KRIDEL. As a manufacturer?

Senator McLEAN. No; the interests that you represent.

Mr. KRIDEL. About 1,300.

Senator CALDER. How many do you employ in your own establishment?

Mr. KRIDEL. I mean our own establishment.

Senator CALDER. In the manufacture of silk goods?

Mr. KRIDEL. As an officer in the three mills that I am interested in, we employ 1,300 hands. How many hands are employed by all other agencies we have, I can not tell you, but it amounts to a great many.

Senator McLEAN. Do you think the American manufacturers should have a tariff equal to the difference in the labor costs?

Mr. KRIDEL. Yes, sir; and he has it in every instance, by the 45 per cent ad valorem, out of the present Underwood Act. Otherwise, we would never have been able to increase the great amount of our industry in this country. It has gone up enormously, and I, as a manufacturer of silk goods in this country, do not fear that competition. I am not afraid of it.

Senator WATSON. How many factories have you?

Mr. KRIDEL. Three.

Senator WATSON. Where are they located?

Mr. KRIDEL. At Bethlehem, Pa., there is one; one in Hoboken, N. J.; and the other in Pawtucket, R. I.

Senator WATSON. What do you make in those factories?

Mr. KRIDEL. At Hoboken and Pawtucket we make broad-piece silks, and in Bethlehem, Pa., we are spinners of yarns and manufacturers of ribbons.

Senator WATSON. Are those same fabrics manufactured in Japan precisely as you make them?

Mr. KRIDEL. No; they are not, none of them.

Senator WATSON. Are any of the imports from Japan in direct competition with what you make?

Mr. KRIDEL. No sir.

Senator WATSON. Now, you import what?

Mr. KRIDEL. We import goods—that is, the exporters export to us from France principally novelties. I will show you what they are, because I will ask to have something else placed in the record here. These are what are known as novelties, fiber silks.

Senator WATSON. Do you manufacture any of those goods?

Mr. KRIDEL. No, sir.

Senator WATSON. So that what you import does not come in direct competition with what you make in this country?

Mr. KRIDEL. No, sir.

Senator MCCUMBER. Does it come in competition with what others make in the United States?

Mr. KRIDEL. I doubt it. Only in this way, Senator, that that material that is imported might be replaced by some use of some other similar material, or something else that could be made here.

Senator WATSON. What you make in the United States has no competition at all with what is made in China?

Mr. KRIDEL. No, sir.

Senator WATSON. And no competition with what you import from Germany or France?

Mr. KRIDEL. No, sir.

Senator WATSON. You heard the witness testify a while ago about those articles, did you, Mr. Kridel?

Mr. KRIDEL. Yes, sir.

Senator WATSON. He said that they used to make that kind of material, but now they can not make that kind of material. How do you explain that?

Mr. KRIDEL. Why, first, this is a particular article made in Japan. It is a light-weight fabric, and it is an article that is made of what we would call the roughest of silk, rejected raw material that we could never import into this country and weave on our looms.

It is the worst that they have over there. We could not import them successfully and weave them.

If you import the better qualities of silk, such as we are in the habit of importing, that will be woven on our looms, and not on the primitive looms they have in Japan, it is a grade of silk that must run well for our expert weavers to weave it. You have to import a much better quality of silk. That, in itself, costs more.

Senator WATSON. But the statement is made—and I have not any desire to put one witness against another——

Mr. KRIDEL (interposing). He has made similar appearing goods, but not the very same, sir. It looks like it.

Senator WATSON. The statement was that he had to quit manufacturing what he was manufacturing because of these goods, just like his or similar to his, that came in competition with them.

Mr. KRIDEL. I challenge that statement, and I doubt it.

Senator WATSON. Why did he quit, then?

Mr. KRIDEL. He did not quit manufacturing. His looms were never better employed.

Senator WATSON. He made other things, though, didn't he?

Mr. KRIDEL. Certainly; and very well employed.

Senator WATSON. No; not according to the testimony.

Mr. KRIDEL. That is only recently. He made better grades of goods, made better goods altogether.

Senator WATSON. But he had already been making that kind of goods.

Mr. KRIDEL. Not altogether.

Senator WATSON. He did not make that kind of goods?

Mr. KRIDEL. Yes.

Senator WATSON. He is not now making that kind of goods?

Mr. KRIDEL. No.

Senator WATSON. His statement is that he is not making it because of competition from Japan, on account of labor costs. Is that so or not, in your judgment?

Mr. KRIDEL. I really do not know. I do not think so, because the goods that come from Japan are a totally different thing. First, they are boiled off and finished in shapes that we are unable to do in this country. I understand that they boil them with some rice preparation. We do not do that here.

Senator WATSON. Did I understand you to say that the silks made in Japan are not competitive with the silks made in the United States?

Mr. KRIDEL. They are competitive in that they may replace an article we could weave in this country, that is all.

Senator WATSON. Isn't that enough?

Mr. KRIDEL. It is enough if you wish to exclude the imports completely from all countries of the world, but not enough to have hurt American industry or kept it from progressing. We have, as I told you before, increased from 1914 to 1919, 200 per cent, whereas the importation, from all sources of the world, only increased 50 per cent.

Senator WATSON. We all understand that during the war period imports of all kinds into the United States very largely decreased.

Mr. KRIDEL. They increased.

Senator WATSON. From Japan?

Mr. KRIDEL. No; from all countries concerned.

Senator WATSON. We were not at war with Japan.

Mr. KRIDEL. No; but they increased from all countries 50 per cent.

I wanted to bring to your attention that many years ago—and I will show you the reason also for some of these increases of Japanese silks.

Senator WATSON. May I ask you another question before you come to that?

Mr. KRIDEL. Yes.

Senator WATSON. You stated a while ago that this machinery that was purchased in Japan, the textile machines, were purchased for the purpose of manufacturing cotton goods, and not silk goods. Is that surmise on your part or is it a matter of knowledge?

Mr. KRIDEL. It is not a matter of knowledge. I imagine that was the case.

Senator WATSON. Do you think that the Japanese will not have the same kind of machinery for the manufacture of silk goods that we have in the United States?

Mr. KRIDEL. No. They have their own silk looms there. It would not make any difference to them if they did have them.

Senator WATSON. Why?

Mr. KRIDEL. They do not progress in the silk industry, notwithstanding they are producers of raw silk. They have not done so for 50 years, and I can not see that they care to do it. I do not see any inclination on their part to try to do so. It requires so many other parts of the silk industry to do that.

Senator WATSON. How do you account for the fact that the Japanese are wonderfully progressive people, especially in imitation, in all other lines of work?

Mr. KRIDEL. I have often wondered that, and I can not understand it. I really do not understand it. It has been the most peculiar thing that they have not progressed in the manufacture of silk, of all kinds of silks, such as are produced in all other European countries, as well as this country.

Senator WATSON. The fact that there is a difference in the cost of production of what they produce in Japan as compared with what we produce here, in your judgment, is not injurious, much less disastrous?

Mr. KRIDEL. No, sir; I have had some weaving cloths from Japan sent me in a letter, and by applying only the 45 per cent——

Senator WATSON (interposing). What is the condition of your business at this time?

Mr. KRIDEL. It is not very good.

Senator WATSON. Why?

Mr. KRIDEL. Due to the fact that a great quantity of silk goods has been made in this country during the early part of the year and that the demand for it has decreased considerably. It is owing, possibly, to the same recession that happened in almost every line of business, and it has not been very great in the latter months of the year.

Senator WATSON. You do not attribute any part of that to imports from Japan?

Mr. KRIDEL. I absolutely do not, sir.

Senator WATSON. Because you have no competition?

Mr. KRIDEL. Absolutely not, sir. Nothing like that has happened on account of any excessive imports, because none have come in there.

Senator WATSON. Are you a selling agent, to handle goods that your factories manufacture, on a commission basis?

Mr. KRIDEL. Yes, sir.

Senator WATSON. Do you get as large a commission for selling the domestic products as you do for selling the imported product?

Mr. KRIDEL. Less.

Senator WATSON. Less what?

Mr. KRIDEL. Do you mean commission for handling and selling?

Senator WATSON. Yes.

Mr. KRIDEL. It is identically the same.

Senator WATSON. For the imported product as for the manufactured?

Mr. KRIDEL. Yes; the same thing. It is all on the selling price, you know. Whatever price we get, we get the same commission for

selling, whether it is imported or domestic. It is on the selling price that the commission is made after the duty has been added to the foreign cost.

I was going to tell you in respect to the great quantities of Jap silk coming into this country and the small quantities that have gone to other countries, as Mr. Cheney testified this morning, that many years ago American firms bought Japanese silks and sent them to France to be converted, either by dyeing or printing. In the last few years we have excelled splendidly in that department of converting Japanese silk, and printing them, so much so that those silks, destined for the purpose of dyeing or printing, instead of going over to France and coming back again to this country, as appeared in the statistics of French importations, are really now coming direct from Japan here, and are being converted by our own people instead of by the dyers and printers in France.

Senator LA FOLLETTE. Then, a part of this importation from Japan is for further manufacture here by our own silk manufacturers?

Mr. KRIDEL. Yes, sir; converted.

Senator LA FOLLETTE. Have you any idea what that proportion is; how much it is?

Mr. KRIDEL. It is enormous, because most of the goods coming over here are not sold in their gray state, but they are dyed in various colors, and they are also printed and used for blouses, or linings or garments, and things of that type. They are also converted into shirtings. Shirt patterns are printed from them. They are mostly converted in this country.

Senator SMOOT. In the report of the Department of Commerce, in the importation of silks, the silks imported in the gray are kept separate from the manufactured.

Mr. KRIDEL. Those Japanese silks are really in the gray. They are ungummed, and classified as ungummed.

Senator WATSON. Then, they are so made that they can be used as a basis for further manufacture in the United States?

Mr. KRIDEL. Yes, sir.

Senator WATSON. So that, so far as the texture is concerned, it is not so inferior that it can not be used here?

Mr. KRIDEL. No.

Senator WATSON. It is well enough made to constitute a basis for use?

Mr. KRIDEL. It is well enough made, but you might say it is rough. You can see that; but some people want it because it is rough; it is stylish.

Senator WATSON. Then, Mr. Kridel, so far as it goes, it does constitute competition with the United States, doesn't it?

Mr. KRIDEL. Any article that is imported, sir, constitutes a competition with the United States, but not altogether to hurt the American industry to any extent, as I claim.

Senator WATSON. If that rough material, so to speak, was not imported from Japan, would it be made in the United States?

Mr. KRIDEL. It might be; yes, sir. If anything were prohibited from coming over here, that article would be replaced by something else made here. It would probably cost a little more.

Senator LA FOLLETTE. We have not the raw material, have we, for making that?

Mr. KRIDEL. No, sir; none of that material is in the United States. We have to import every bit of it.

Senator LA FOLLETTE. There would have to be some substitute used?

Mr. KRIDEL. Exactly.

Senator LA FOLLETTE. Coming into this country, as it is coming in now, that furnishes a cheap silk material that can be bought by people who can not buy the expensive material?

Mr. KRIDEL. Yes, sir.

Senator SMOOT. In the year 1920 there were imported, in the gray, 2,826,283 pounds, valued at $13,028,018. That is the silk manufactured in the gray?

Mr. KRIDEL. Yes; we have those same statistics, Senator, and they are exactly from the same source that you derived your statistics, the United States Bureau of the Census, United States Department of Commerce, and the Tariff Commission.

Senator LA FOLLETTE. Has your attention ever been directed to the fact that there is a very powerful opposition among the weavers in Japan against the introduction of this machinery?

Mr. KRIDEL. I have no knowledge of that.

Senator LA FOLLETTE. It has led to some very marked collisions there in the Government.

Mr. KRIDEL. I have no idea whatsoever. Mr. Stapfer, who has been in Japan, might know something about it, but I really do not know. Now, I want to call your attention to the statement made here about undervaluations. I have not heard, in the silk business, or even from the silk appraisers of the customs house, of any case of undervaluation having occurred for years there. We, as manufacturers, have never had the suspicion of anyone importing goods, where the prices they make tend to show that such undervaluations have existed; and we furthermore want to say that full records are kept at the appraiser's stores of every importation, and that particularly those from Japan are regulated publicly on the day of their exportation in Japan, by publications giving the exact price every single day of the exportations from Japan, and it shows, from records that are given to our consuls over there—the prices are forwarded to our appraisers of the ports in this country, and for that reason, while we advocate the ad valorem rate of duty, I think no fear can be held out, so far as any silk importations are concerned, that any such conditions have existed or are likely to exist under the system that is now provided for, at the public stores examination.

With regard to the testimony of the witness who has just preceded me, I can hardly think, if you ask about the importations from Japan, that they amounted to 25 to 50 per cent of the total production of the goods that he makes in this country. They have a very large plant, and I presume they make about 10,000,000 yards of goods yearly, and I do not know whether 50 per cent of that is imported goods, or Japanese habutai. That is quite a big amount.

Will I be permitted, Mr. Chairman, to read a letter here from a manufacturer in France, in Lyon, to be put into the record, one who is also a manufacturer of silk similar to that manufactured in this country, as a comparison?

The CHAIRMAN. Is it a long letter?

Mr. KRIDEL. No, sir; a short letter.

The CHAIRMAN. Can you not state the substance of the letter, and have it printed?

Mr. KRIDEL. Yes; it relates to the fact that he shows here the various effects that 31 per cent duty on American valuations would have on French goods. It is really quite disastrous. It runs all the way from 86 to 120 per cent, foreign value, on actual importations, and these records which have been given to your committee of experts that you have appointed for the purpose of ascertaining these things——

The CHAIRMAN (interposing). We can study it better after it is printed.

(The letter referred to is as follows:)

NEW YORK, December 15, 1921.

COMMITTEE ON FINANCE, UNITED STATES SENATE,
Washington, D. C.

GENTLEMEN: We desire to present herewith, as manufacturers of silk goods in Lyon, France, also as manufacturers of silk goods in this country, at Hoboken, N. J., through facts and figures, as per samples herewith attached, showing the strange results that would follow were the high rates in the Fordney bill, now under your consideration, to be retained, and the disastrous effect it would have on the importation of silk fabrics from France.

The rates are most unnecessary, which the official statistics show, under the most favorable conditions, under the Underwood act have resulted in the importation of less than 7 per cent of the total silks manufactured in the United States.

We wish to state, if it is the intention of your committee to recommend a law which will most completely shut out from the United States market manufactures of silks made in France, positively discriminating against French fabrics, the Fordney bill, which you have now before you accomplishes this result.

We can not believe that such are your plans, and we rather think that those who have written Schedule 12 in particular, as well as Schedule 3, paragraph 382, could not understand the actual effect that these new rates would have on French importations, therefore on the United States revenue from that source. Had they understood such, we can not conceive and do not believe that they would have been lead to enact rates the actual workings of which show the results which we hereby submit.

The four main classes of fabrics which we beg to emphasize we are still able to import, and do so because they are consumed in relatively small quantities as compared to the American standard of production, and because they require principally hand labor, either in the process of weaving, or dyeing, or finishing, and because of their handicraft and novelty, being created from the genius in which the Lyon manufacturers excel and which we, as manufacturers of the United States require, if only as a source of ideas, should be taken into consideration by your good selves in amending these high rates, so that we can still be able to import them from France.

These exhibits represent a class of merchandise which has a market and meets a demand from the American public, but which can not be successfully made here, and even during the long years of a duty of 40–45 per cent ad valorem their importation has not affected to any degree competition of similar goods made in the United States.

We can not make here hand-woven or hand-finished fabrics of France, as we have neither hand looms nor skilled labor to produce them. Then why should you overtax these importations, these specialties; why make them so costly as to shut them out? What profit will this proposed action bring to the American manufacturer or his labor? Should the United States not be satisfied with the official ratio of 94 per cent of American made goods and 6 per cent of imported goods? Why should France not be permitted to export a few silks, so that she can have an opportunity to repay the billions of dollars that she owes to you?

As far as the effect of depreciated currency would have on importations of France, a reason given for those who advocate American valuation, we must say that this plan of American valuation would be quite disastrous, inasmuch as the raw silk purchased by France constitutes about 60 per cent of the total cost, and which raw silk is purchased from China and Japan, whose exchange is on the parity of gold; therefore the price of the manufactured article in France would consequently be very high in France. In this case it would not affect the revenue to any great extent by continuing to make rates on the foreign valuation.

The exhibits herewith attached, with a sample of each style of silk goods made in France, are from exact importations and show that on the American valuation plan, as per rates in the Fordney bill, that they would produce between 71½ per cent and 112 per cent on foreign valuation, thereby shutting out completely these fabrics.

We urge you therefore to continue the rates of the Underwood act on foreign valuation, as a means of continuing to preserve the American industry, of which we are also a part, and also to continue the same level of importations of France, as has existed for many years.

Respectfully yours,

COMBIER & Co.

Mr. KRIDEL. He also relates the fact that he urges that France be allowed to export some silk goods to this country, partly on account of the fact that they owe billions of dollars here, and they want to be able to repay it, in time, by the exportation of some silk goods, and that the importation of those goods should not be prohibited. I will leave the samples as an exhibit.

May I also have printed in the record the brief which I submit herewith, together with the charts and tables?[1]

BRIEF OF SAMUEL KRIDEL, NEW YORK, N. Y., CHAIRMAN SILK TARIFF COMMITTEE.

Complying with the request of your chairman for an answer to the statements made by Mr. Cheney at the hearings on December 17, 1921, regarding (1) the exportation of silk fabrics from the United States to Japan during 1920 and (2) the alleged difficulty of applying a separate classification of silk fabrics made of tussah or wild silk, we respectfully submit the following:

1. EXPORTATION OF SILK FABRICS FROM THE UNITED STATES TO JAPAN DURING 1920.

In our main statement and brief filed with your committee December 16, 1921, we not only emphasized the insignificant and constantly diminishing percentage of imported silk fabrics of all kinds compared with domestic production and consumption of silks, which Mr. Cheney and others seeking prohibitive rates of duty had failed to mention, but we also drew attention to the fact that the statistics of imports submitted by them, though inconsequential at best, were nevertheless misleading.

In their brief, for example, much stress was laid on the increase in imports of silk fabrics from Japan during the fiscal year ending June 30, 1920, over the previous fiscal years. As we have already pointed out, however, their figures for the year 1920 included not only the total value of all silk fabrics actually entered for consumption in this country but also the total value of all silk fabrics which were entered in bonded warehouse and subsequently exported from the United States without ever having entered the commerce of this country. As previously stated by us, the actual value of all silk fabrics imported from Japan and entered for consumption in the United States during the fiscal year ending June 30, 1920, was $12,000,000 less than the amount indicated by Mr. Cheney, and for the calendar year 1920 was $25,000,000 less. Our figures were compiled from the reports of the Department of Commerce.

In his reply to our presentation Mr. Cheney did not challenge the correctness of our statement, but endeavored to create the impression that the silk fabrics originally entered in bonded warehouse and later exported from the United States were sent back to Japan and then brought into this country again at a much lower valuation.

The falsity of this inference on his part is clearly demonstrated by additional reports of the Department of Commerce referring to exports of silk fabrics from the United States. We attach at the end of our present statement a summary of the material portions of such official reports.

From this source of information it will be seen that the bulk of silk fabrics from Japan which were entered in bonded warehouse in the United States during 1920 were later sold while in bonded warehouse and exported to Great Britain without ever having entered the commerce of this country. The balance of such bonded warehouse silk goods was similarly sold and exported to various other countries, including Japan.

The difference in the total amount ($12,000,000) of such entries for bonded warehouse in the United States during the fiscal year 1920 and the total amount ($4,000,000)

[1] All charts and tables are omitted in printing, but are on file with the committee.

subsequently exported from this country to Great Britain and elsewhere is accounted for by the great shrinkage in value between time of entry and time of subsequent exportation. In other words, at the beginning of the calendar year 1920 (which was the middle of the fiscal year referred to) the peak of the very extreme prices for silk goods was reached. From March 1, 1920, until the end of the year the prices dropped rapidly, until they were only about 25 per cent of the values at the highest point. The $4,000,000 of exports referred to, therefore, beyond question fully account for the $12,000,000 of silk goods entered in bonded warehouse during the fiscal year 1920, when the values were about four times as high.

In this connection it is well to remember that the banks, which had extended credit to the silk merchants and through which the importations of 1920 were made on letters of credit, were unable to deliver the silks because of the numerous failures among the merchants for whose account they had been imported. As a result, title to the merchandise reverted to the banks. The banks, on the other hand, after the merchandise had remained in bonded warehouse for some time, while an extensive decline in prices was in progress, found it impossible to realize more than a fraction of the prices paid for the goods or of the prices prevailing at the time the entries were made. In fact, it was altogether impossible for them to dispose of the silks in this country at all, because such sales would have entailed a withdrawal from bond and the payment of an amount of duty greater than the full price then obtainable for the merchandise. This is so because the duty on bonded warehouse goods is payable on their value at the time of exportation from the foreign country to the United States and not at the time of their withdrawal from bond.

Consequently, the banks and those silk merchants who were able to survive the panic fall in prices exported their bonded-warehouse goods to all parts of the world, wherever they could find buyers, and particularly to Great Britain.

As a further indication of the irresponsible and idle character of Mr. Cheney's remarks, we respectfully call attention to the provisions of the customs regulations regarding the exportation of merchandise previously imported and entered in bonded warehouse, its reimportation into the United States, and the amount of duty payable on such reimportations. Article 999 of the customs regulations reads:

"*Exportation—When not bona fide.*—As exportation is a severance of goods from the mass of things belonging to this country with the intention of uniting them to the mass of things belonging to some foreign country, the shipment of merchandise abroad with the intention of returning the same to the United States is not an exportation. Merchandise returned from abroad under these circumstances is dutiable according to its nature, weight, and value at the time of its original arrival in this country.

"Bonds given for the exportation of merchandise should not be canceled by collectors unless they are satisfied that there has been an actual bona fide exportation."

In the face of this regulation it would indeed be futile to export merchandise which had previously been imported into this country and then bring it back again at a lower value, since it would still be appraised at and have to pay duty on its value at the time of its original exportation to the United States.

2. THE ALLEGED DIFFICULTY OF APPLYING A SEPARATE CLASSIFICATION OF SILK FABRICS MADE OF TUSSAH OR WILD SILK.

When appearing before your committee on December 16, and in our main brief, we pointed out the great inequalities and gross injustice which would result from applying (as does the Fordney tariff bill) the same specific rates of duty to fabrics made of tussah, or wild silk, as are applicable to other silk fabrics. We urgently requested that if specific duties based on weight are to be embodied in the tariff law as finally enacted special provision be made for the fabrics composed of tussah, or wild silk, with rates substantially lower than for all other silk fabrics. We suggested what we believed to be a proper provision and proper rates.

To avoid unnecessary repetition, our reason for this request was briefly this: Fabrics made of tussah, or wild silk, though the cheapest of all silk fabrics and worth roughly only one-half as much as the other fabrics, weigh substantially more than the other silk goods. The same specific duty, based on weight and applied to all alike, therefore, will produce a much greater percentage of the value in the case of the tussah, or wild silk, goods than in the case of the other fabrics. In fact, a specific duty which is fair for other silk fabrics will of necessity be prohibitive for the heavier and cheaper fabrics of tussah, or wild silk.

Mr. Cheney, in opposing our request, does not deny its necessity, but endeavors to prevent a separate classification by making it appear difficult of administration. In this we disagree with him most emphatically and for the following reasons:

Fabrics composed of tussah, or wild silk, are known as ninghais, shantungs, and honans, which come from China, and pongees, which come from Japan. The tussah silk used in these fabrics is a product of China, scientifically or technically known as "antheraea pernyi." The above classes of fabrics composed of this wild silk are all imported into this country in their natural condition (partly ungummed), and are therefore easily identified on account of the natural color (brown) and other physical characteristics.

We admit that there are other grades of tussah silk, such as "antheraea yamamai" and "antheraea mylitta." The former is a product of Japan. It is not suitable for the manufacture of the above-named classes of fabrics. It is produced in very limited quantities and is confined to the manufacture of certain products for Japanese home markets. While bearing a closer resemblance to the real (cultivated) silk than does the Chinese tussah, it nevertheless has a distinctive greenish-yellow color, which is readily recognized.

The "antheraea mylitta" referred to is a product of India. It is known and easily recognizable because of the unevenness of its fiber, a natural result appearing in the silk due to the fact that the silkworm producing it feeds on various leaves and plants. This grade of tussah is used only in the manufacture of spun or schappe silks.

While some of the fabrics composed of tussah silks are bleached, converted, or further advanced, this does not make their separate classification more difficult, for, even in such advanced stages of manufacture, tussah-silk fabrics respond to the ordinary commercial tests and are unmistakably distinguished under a magnifying glass from all other silk fabrics. Under a glass, for example, all silks but tussah, regardless of the extent of manufacture, present a marked cylindrical appearance, while tussah has a ribbon or tapelike contour which can not be mistaken.

Finally, we may say, without exaggeration, that the matter of applying a separate classification for fabrics composed of tussah silk is simplicity itself compared with the infinite care required in solving the problems presented by the one hundred or more classifications for other silk fabrics provided in the Payne-Aldrich tariff and reembodied in the Fordney tariff bill. We refer to the provisions for specific duties.

CONCLUSION.

We respectfully repeat our request that if specific duties on silk fabrics are to be embodied in the proposed new tariff law a special provision be enacted for fabrics composed of tussah, or wild silk, with rates substantially lower than for other silk fabrics. On this point we refer to the provision and rates suggested in our main brief. On all other paragraphs of the silk schedule in which we are interested we likewise respectfully refer your committee to the requests made in our main brief and to the reasons for same herein set forth.

Foreign fabrics woven in the piece during calendar year 1920.

	Quantity.	Value.		Quantity.	Value.
	Pounds.			*Pounds.*	
Denmark	370	$2,626	Dominican Republic	2,581	$23,789
France	16,519	262,255	Dutch West Indies	201	694
Greece	158	895	Haiti	248	1,834
Italy	2,199	18,817	Argentina	41,959	460,914
Norway	612	6,525	Brazil	15,351	162,300
Switzerland	178	21,074	Colombia	233	1,613
United Kingdom (England)	124,423	1,759,398	Ecuador	1,280	19,663
British Honduras	195	1,897	Dutch Guiana	1,050	20,733
Canada	62	549	Peru	575	8,812
Costa Rica	2,848	28,044	Uruguay	866	8,136
Guatemala	1,757	17,405	Venezuela	342	2,102
Honduras	1,133	6,779	China	812	7,898
Nicaragua	810	10,078	Japan	77,457	949,823
Panama	218	1,907	Turkey in Asia	599	3,162
Salvador	433	2,360	Australia	680	9,126
Mexico	7,834	76,971	French Oceania	20	124
Jamaica	651	4,590			
Trinidad	30	431	Total	348,002	4,182,237
Cuba	43,228	297,213			

ADDITIONAL STATEMENT OF HORACE B. CHENEY, REPRESENTING THE SILK ASSOCIATION OF AMERICA.

Senator McLEAN. I would like to ask Mr. Cheney one question, not by way of rebuttal, because I know the committee does not go into that, but explanatory of the reimportation of goods into this country. It is testified that some 15,000,000 yards or dollars' worth of goods were sent in here and then reexported, and I would like to ask Mr. Cheney one question in regard to that.

The CHAIRMAN. Very well.

Mr. CHENEY. The figures that Mr. Kridel gave yesterday were in dollars instead of yards.

He spoke of the large exports and Senator Smoot asked him about that, and he did not have the figures at the moment. The explanation is quite simple, that during the period in which those large exports occurred there was a tremendous drop in prices of silks and those goods were held in bond at a price which was practically double the price at which they were then selling, and were exported back to Japan and brought back here again at the low rate of duty.

Senator SMOOT. I asked you the number of yards. Have you the number now?

Mr. CHENEY. I have not the yardage that was reexported.

Senator McLEAN. 15,000,000, I think.

Mr. CHENEY. $15,000,000, if I remember correctly, would have been 15,000,000 yards.

Senator SMOOT. A dollar a yard?

Mr. CHENEY. The average price of goods reached a dollar a yard in December.

Senator SMOOT. In what year?

Mr. CHENEY. In 1919. In November a number of those goods were worth a dollar a yard in this country. In July they were worth 50 cents. They got down as low as 30 cents, as low as 26.4 cents. The advantage of reexporting goods on a dollar basis and reimporting them on a 26-cent basis and thereby escape three-fourths of the duty they would have paid is very evident.

Senator SMOOT. What class of goods were they?

Mr. CHENEY. Habutai. Everything was in bond at that time on a dollar basis, and they escaped the payment of large duties by sending it back and bringing it over again and paying new duties.

The value of the Shantungs I have seen estimated in a letter to one of the Congressmen on the basis of $2.50 per pound. Those are made of the tussah silk. They are brought in here on the basis of $2.50 a pound. We make those goods in this country. The market price of the raw silk is at present $4.50 a pound with the gums in it, and with the gums out it is worth $5 a pound. I think that is a direct comment on the possibility of the undervaluation. We have to pay $5 for silk to make the goods and they import them on the basis of $2.50 a pound.

Senator SMOOT. You are speaking of pongees?

Mr. CHENEY. Shantung pongees. The stock is made of different classifications of tussah goods, and that argument was introduced in order to show why there was such a very high duty on tussah goods. It is not the correct value. There are a number of classifications of silk. There is the bombyx mori; there is the anteraea

peryi, which is the usual tussah one, and a number of others. Some of those are white silks, some are yellow, some are brown, and some are green. They say you can not readily distinguish between them, but the white silks and the ordinary silks from the usual sources are just as cheap as the cheap tussah.

Senator SMOOT. Are these taken from the cocoon the same as the regular silk, when the cocoon is wild, not cultivated?

Mr. CHENEY. The usual cultivated silk is the bombyx mori. Then there is the anteraea yama mai, a Japanese silk, which is a tussah of the light green. Take the ordinary tussah moth and feed it on chestnut leaves instead of oak leaves and it will turn out a light lemon. The color is chiefly a question of treatment.

Senator Penrose asked about the labor cost in pongees and why that duty was necessary.

Senator McLEAN. I would suggest that you will have an opportunity to present any of those statistics you wish in brief form, and we will have it printed.

Mr. CHENEY. Very well. I have some samples here to show you how difficult it would be. Here is the silk that is the regular silk. This is a tussah silk, and these are bombyx mori. These are the usual kind of tussah silk.

Senator LA FOLLETTE. Mr. Cheney was called to answer the testimony of Mr. Kridel. I know that was a violation of the rule of the committee, because there is no way of terminating the hearings if we are going to have rebuttal and surrebuttal and go on indefinitely. I just want to request that Mr. Kridel be permitted to file a brief in reply to the statements that have been made here, if that is satisfactory to Mr. Kridel.

Mr. KRIDEL. Yes, sir; that is perfectly satisfactory.

The CHAIRMAN. You may file your brief and it will be printed.

ADDITIONAL BRIEF OF HORACE B. CHENEY, IN REPLY TO STATEMENTS OF SAMUEL KRIDEL.

In the testimony of Mr. Kridel the particular discrepancy between the figures quoted by him as importer from Japan and those presented by the silk association was that his figures were presented upon a dollar basis and the silk association's figures upon a yardage basis. In our opinion the latter is the more significant factor, the dollar charts being complicated by the fact that during the period presented the value of Japanese habutai, principal item on an average quality, decreased from approximately $1.15 per yard to $0.457, which appeared to make the imports shrink to half of their volume, whereas the actual quantity was maintained; further, that the shrinkage in habutai imports due to reexportation was due to the above fact and for the purpose of escaping the duty, and was immediately reexported to the United States, as indicated by the fact that the actual quantity imported into the United States in 10 months of 1921 was 50 per cent greater than for the entire year previous, including the amount which was reexported.

The request which has been made on behalf of importers that woven goods made of wild silk be introduced at specific rates, less than those in the House bill, because of the statement that the value of such silks was very much less than the others and amounted to $2.50 per pound, would seem to be of questionable accuracy, because eight cocoon tussah of standard grades, such as used in the production of the majority of such goods, to-day is quoted in the raw on the New York market at prices ranging from $4.30 to $4.65 per pound. The gum removed from such silk would make their raw silk content worth from $5 to approximately $5.25 per pound. The manufacturing cost would add very much to this figure, and in our opinion such goods could not legitimately be imported from Japan to-day on a value of less than $6.50 per pound in the boiled-off or finished state, at which figure, paying a 45 per cent duty would amount to much higher than the specific rates under which they would come in, under the provision of the House bill. Furthermore, there are silks reeled from double

cocoons of the regular cultivated variety which are worth at all times in the market less than the regular filature wild silk.

The statement has been made that these wild silks are very easily identified; this is very far from being the case. The usual source of cultivated silks is the bombyx mori, which feeds upon the leaves of the mulberry tree, the color of the silk in the gum ranging from white to deep yellow—gum discharged, it is a cream color without bleaching of the wild silks; the most common, and the one which is most often known tussah, is the anteraea pernyi, native of China and Japan, chiefly China, and which feeds upon the oak leaves. This silk is usually received in ecru color, due chiefly to the maceration process with which the gum is softened for reeling. If reeled in water, the color is quite different. If the worms are fed upon chestnut leaves instead of oak leaves, which they eat readily, the silk becomes yellowish in character.

The second principal source of wild silk, also known as tussah, is the philosamia cynthia, the silk of which is quite similar in character and color to that of the above named, but slightly darker. A wild silk common in Japan, used somewhat largely in their native product, is the yama mai, which also feeds upon oak leaves. It is of a yellowish green color, very brilliant in character when boiled out. It can be bleached a pure white.

Another variety of wild silk being raised largely in Indo-China is the anteraea mylitta, which varies in character from a pure white to an ecru color and thrives on the castor-oil plant.

Lastly, there has recently come into the market a new silk which is absolutely pure white, even whiter than the cultivated silk, and having fibers very similar in appearance, known as the anteraea eri, found in British India and Colombia, South America—also feeds upon the leaves of the castor-oil plant.

It would be extremely difficult for the best expert to be able to identify all of these different forms of silk when woven into goods and colored. In fact, it is our opinion that there is nobody who could do so with any certainty. Moreover, there are goods made in which more than one kind of silk is used in manufacture. This is particularly true of upholstery goods imported from Europe in which tussah and cultivated silk are both used in the same goods, often with mixtures of cotton or tinsel.

We have provided for the committee a set of samples illustrating the above classifications of silks and the goods manufactured from the various sources and mixtures of materials. Goods of this character are not alone imported from China, but are also a large product of Japan.

It has been stated before the committee that the same character of goods was never made in the United States as has been produced in China and Japan. This is distinctly not correct, and we have prepared and submitted to the committee samples illustrating goods of identical construction made of the reeled silk and of wild silk in the United States and the Orient. It has been also stated to the committee that the test of twist was a complicated and difficult matter which is not ascertainable in in the customshouse, but, on the contrary, a twisting machine is a very simple device by which the twist of any thread can be ascertainable very quickly and with a great degree of accuracy. It was also stated that silk goods with lammé filling or tinsel were not made in this country. This is also erroneous, as there are many manufacturers in this country engaged in manufacturing material of this character, severely at a disadvantage because of the low duty which is imposed upon lammé yarn which forms the material of chief value. It is our opinion that the rate of duty upon lammé tinsel or metal-covered threads and products of that character should be increased in the same proportion or at least in as great a proportion as are recommended to the silk schedule.

STATEMENT OF ARMIN C. STAPFER, NEW YORK CITY, REPRESENTING THE SILK ASSOCIATION OF AMERICA.

Mr. STAPFER. I have been engaged by this association to furnish facts and figures for these tariff hearings.

Senator LA FOLLETTE. May I interrupt to inquire whether you were connected with the Customs Service in New York?

Mr. STAPFER. Yes, sir.

Senator LA FOLLETTE. For the Government?

Mr. STAPFER. I have been six years an examiner of silks, and I have had quite an extensive experience as a domestic manufacturer and converter. I have been in Japan, Europe, and am quite conversant with the situation.

Senator LA FOLLETTE. How recently were you connected with the department?

Mr. STAPFER. Three years ago I left.

The CHAIRMAN. Where were you born?

Mr. STAPFER. I was born in Switzerland.

The CHAIRMAN. How long have you been in this country?

Mr. STAPFER. Twenty years, since 1903.

Senator LA FOLLETTE. Go ahead, sir.

Mr. STAPFER. I would like to point out that habutai, as exported from Japan, is a very unique fabric, and is not made in this country for the reason that it is composed of inferior silk, which is not used here, and which would not be productive on our looms. The Japanese goods are a pure fabric, and are inspected by the Government. The weight is stamped on each piece and is guaranteed by the Government.

I also wish to point out that in regard to specific rates that may be proposed it would be very impracticable to have specific rates in such a fluctuating market as we had in the past and are still having, unless they would be put on a flexible basis. This chart[1] shows how the market fluctuated, and specific rates that you have to-day may be out of proportion shortly.

Referring to the chart, I wish to point out that this chart shows the expansion of the domestic production, including knit goods, since 1914. In 1914, according to the figures published by the Department of the Census, the domestic silk production was $254,000,000, and $41,000,000 of knitted silks, and only $34,797,000 imports. In 1919 the domestic production grew to $688,000,000 domestic silks, and $207,000,000 of knitted silks, and only $53,000,000 imports, which shows that the ratio has been reduced almost half during the Underwood tariff.

This chart is an exact reproduction of the chart submitted by Mr. Cheney to the House, and we added three columns to show different tables. If you take, for instance, the imports during 1920, for consumption only, they are only $25,000,000, against $50,000,000, as pointed out during the fiscal year, including bonded goods. There were great quantities of bonded goods imported, and they had to be exported again, and they never entered the commerce of the United States.

Regarding the efficiency here and in Japan, I wish to point out that I had experience both in Japan and here, and there is a vast difference in efficiency between this country and Japan.

Senator LA FOLLETTE. Do you mean to say you engaged in the manufacture of silks in Japan?

Mr. STAPFER. I have been over there as a buyer, and I have studied conditions. I went there chiefly with the intention of bringing out certain domestic articles, but we were only successful in regard to shirtings, and this was merely due to the fact that during the war a great demand existed for shirtings which the domestic manufacturers could not supply and Japan was therefore able, to some extent, to bring in some shirtings, but that has been stopped long ago, and Japan has never been able to bring out comparable domestic goods, such as taffetas, which is a common article here, or, in fact, yarn dyed silks, which are really a great part of our domestic production. They have

[1] All charts omitted in printing.

made some attempts to bring out crêpe de chines and georgettes during the war, but those attempts were rather disastrous. They were due to speculations mostly, and almost everybody that brought them out had to sell them at a great loss. They could not compete with domestic products. It is true that a few mills in Japan have up-to-date looms, but that is very much limited.

Senator McLEAN. How long since you have been in Japan?

Mr. STAPFER. I have been in Japan during 1916 and 1917 and 1918.

Senator McLEAN. You have not been there since?

Mr. STAPFER. No; but I am in close touch every day with the market in Japan by cables and otherwise, and to-day Japan is just sending in habutais and pongees to this market.

Senator McLEAN. You visited these foreign markets, as I understand it, for the purpose of discovering, if possible, some article that is made there that can be sold here?

Mr. STAPFER. That was the purpose. I went over there for the purpose of buying habutais. I went over there and also assisted them with my manufacturing knowledge, but it was more or less hopeless. The thing is in a very crude state.

Senator McLEAN. You were employed for that purpose, as I understand it?

Mr. STAPFER. Yes.

Senator McLEAN. To go abroad and keep track of goods that are manufactured with the idea of bringing them into this country?

Mr. STAPFER. We also intended to bring goods from Japan that formerly came from Germany, but we were not able to accomplish that.

Senator LA FOLLETTE. You did not find much encouragement, then, from your experience in Japan?

Mr. STAPFER. Very little encouragement. For instance, in this country a weaver operates from three to four looms, and a weaver in Japan operates only one loom and with very primitive production, and therefore the difference in wages is greatly offset by the difference in efficiency.

Senator LA FOLLETTE. Can you state what one weaver would be able to produce in Japan, operating the kind of a loom that they operate there, in comparison with one weaver operating three or four looms of superior manufacture that are operated in this country?

Mr. STAPFER. Say, for instance, on a habutai, a weaver would produce between 6 and 8 yards a day on one loom only, as against 12 to 15 yards a day per loom, and a weaver in this country runs from three to four looms.

Semator McLEAN. Suppose the Japanese had our looms?

Mr. STAPFER. Of course, with modern looms, they could do more, but, as I said, the thing is very crude, and they are slow.

Senator McLEAN. But, assuming that they have the latest product in looms there, could they produce as much as the Americans?

Mr. STAPFER. I would not say as much, because it would require quite some time for the weaver to become proficient.

Senator McLEAN. With the experience that they have had here?

Mr. STAPFER. With the experience, possibly, the same thing could be established; but that is pretty far off.

Senator McLEAN. The Japanese laborer is adaptable, and skillful, isn't he, when he has had experience?

Mr. STAPFER. They are skillful and industrious, but they are not the same type as we have here. It is a different type. It seems that everything in the Orient moves much more slowly.

Senator McLEAN. Sometimes they move pretty rapidly, in a good many lines.

Mr. STAPFER. In certain things; but, in the first place, in Japan, they make certain articles there very skillfully, like brocades, but they are made for home consumption, and they are made in a very tedious and slow way.

Senator McLEAN. If they had our looms, and had the experience our operatives have had, you have no reason to believe they would not produce just as many yards a day?

Mr. STAPFER. Even with those modern looms, and with quite some experience, and with the great opportunities they had during the war, they failed to make any impression on our market. Our labor was practically depleted, on account of conditions, and the Japanese labor was not affected at all, and still they have not made any inroads at all on our articles. Take, for instance, 45 per cent duty on the finished article, is equivalent to about 300 to 350 per cent protection on wages.

Senator McLEAN. Do you mean to say that with the modern looms for the manufacture of cotton goods they have not reached the state of perfection where they compete with us in cotton?

Mr. STAPFER. They have not reached, even with modern looms, that state of perfection. A Japanese factory is not as efficient and as well organized as a factory here. I visited quite a few, and I went all through the interior.

Senator McLEAN. You have not been there since 1918?

Mr. STAPFER. In 1918 there was not much difference. I come in touch with people that have been in Japan recently, and the mere fact that no such fabrics have been imported recently is sufficient proof. It seems strange that with labor in their favor, for instance, in the case of georgette or crêpe de chine, where the ratio of labor to the fabric is greater than in the habutai, that under the same tariff they should be able to bring in such crêpe de chines and georgettes, and other fabrics, but so far they have confined themselves to habutai.

Senator McLEAN. That is all.

The CHAIRMAN. That is all that you want to state?

Mr. STAPFER. That is all.

KNITTED SILK OUTERWEAR.

[Paragraph 1208.]

STATEMENT OF SIDNEY WORMS, REPRESENTING THE NATIONAL KNITTED OUTERWEAR ASSOCIATION, NEW YORK CITY.

Mr. WORMS. I represent the Franklin Knitting Mills and the National Knitted Outerwear Association—the silk branch.

Senator CALDER. Please tell the committee where the Franklin Knitting Mills are located.

Mr. WORMS. 511-519 East Seventy-second Street, New York City. We have mills there, in Brooklyn, and also in Lehighton, Pa.

Senator CALDER. And in Brooklyn?

Mr. WORMS. Yes; 561 Grant Avenue.

Senator SMOOT. Have you a brief?

Mr. WORMS. Yes, sir.

Senator SMOOT. Does that give the rates you are asking for?

Mr. WORMS. Yes.

This part of the knitted outer wear industry had its inception about the year 1908, and to-day has about 10,000 employees out of 57,000 in our entire industry. It has grown from nothing in 1908 to that position.

Senator DILLINGHAM. What branch are you speaking of?

Mr. WORMS. The silk branch.

Senator SMOOT. You use the imitation silk?

Mr. WORMS. No; the pure thread only. It covers silk sweaters, silk men's and women's mufflers, and silk neckwear.

We ask for an increase over the Fordney bill from 40 per cent ad valorem to 50 per cent ad valorem.

At the hearings before the Ways and Means Committee of the House all the facts and circumstances relating to this industry and its tariff necessities were given.

Senator SMOOT. Do you mean instead of 40 per cent?

Mr. WORMS. Forty per cent; yes.

They granted us a separate classification, and we now ask for a 50 per cent ad valorem duty.

Senator SMOOT. Is that on American valuation?

Mr. WORMS. On American valuation.

Senator SMOOT. What do you want on the foreign?

Mr. WORMS. One hundred per cent.

Senator SMOOT. More?

Mr. WORMS. One hundred per cent; yes, sir.

The foreign conversion cost is about one-fifth of the American, and therein lies our great competition to-day. Of course, with depreciated exchanges, they can bring their merchandise in and we can not begin to compete with them. This refers especially to Austria, Germany, Czechoslovakia, and to some extent to Switzerland, but only a small amount.

To show how completely the present valuation affects importations, I was speaking yesterday to a gentleman who imports machinery that we use in our industry. His machinery is made in Switzerland. Machinery identical in nature is made in Germany. I have been to the plants of each of these countries where the machinery is produced. His duty on his machines to-day is about $200 apiece, whereas the duty on the identical machine from Germany is equivalent to about $45. He stated that he was in favor of the American valuation as an importer. By the way, he is the first importer whom I ever met who was in favor of the American valuation. He said that it was immaterial to him whether the duty is levied on American valuation or the foreign valuation, although he thought the Government would receive greater duties from that particular line if we had American valuation. Being an American citizen and living in this country, he was in favor of it for that reason.

Senator MCLEAN. Are those machines made in this country?

Mr. WORMS. They are not. They are produced in Europe.

Senator MCLEAN. If they were made in this country, he would prefer the foreign valuation?

Mr. WORMS. No; he would still prefer the American valuation, because it would give him more certain protection if the machines were produced here.

The reason that we ask for a change in the rate is that the cost of knitted outer wear per pound in this country, as compared with the cost of manufacture in Germany, is about, in reality, to-day, on the depreciated exchange, 10 to 1. When this brief was drawn up it was about 5 to 1.

The figures that we have used are based upon Research Report No. 40, on wages in foreign countries, prepared by the National Industrial Conference Board. They indicate (p. 67) that the average hourly textile labor wage in Germany is less than 7 marks, which to-day is equivalent to about 4 cents per hour. Our labor cost here is 50 cents an hour. So I think you can see very readily why we require ample protection and how this industry has grown under the protection we have had from Republican tariffs.

Being a luxury, it does not affect the laboring element so far as added cost to them is concerned, but at the same time it gives employment to labor which, in turn, can use other articles in this country which are produced by our American workmen.

Senator LA FOLLETTE. What do you produce?

Mr. WORMS. We produce silk knitted goods—sweaters, men's neckwear, mufflers, etc.

Senator LA FOLLETTE. For outer wear?

Mr. WORMS. For outer wear only.

Senator LA FOLLETTE. What is the total amount of production in this country?

Mr. WORMS. Of our branch?

Senator LA FOLLETTE. Yes.

Mr. WORMS. About $40,000,000.

Senator LA FOLLETTE. What is the amount of the importations?

Mr. WORMS. Why, I can not tell you that. Unfortunately, every one of the branches of our industry has been under hosiery and underwear and other textile sections of the tariff law.

Senator LA FOLLETTE. With what class of goods do you compete?

Mr. WORMS. I do not quite understand the question.

Senator LA FOLLETTE. Well, do all the things you have enumerated here—sweaters, neckwear, mufflers, and things of that sort—have competition from abroad?

Mr. WORMS. Oh, yes, sir; this industry originated abroad.

Senator LA FOLLETTE. And they come in here in considerable quantities, do they?

Mr. WORMS. Yes.

Senator LA FOLLETTE. You have no means of stating anything about the amount of importation?

Mr. WORMS. Not in dollars and cents, because we are not segregated and we can not get statistics, but they have been increasing as exchanges have gone down. This applies especially since the armistice to such countries as Czechoslovakia, Germany, and Austria.

Senator LA FOLLETTE. How have your prices increased since, say, 1913? What is the percentage?

Mr. WORMS. They doubled up to the time of March, 1920. Since then they have been reduced about 33⅓ per cent.

Senator CALDER. Are any of these goods exported that are manufactured here?

Mr. WORMS. No.

Senator CALDER. There is no foreign market at all?

Mr. WORMS. Yes. We opened a foreign market in South America, much to our regret, at the time of the extreme break in prices of silk. They refused to accept the merchandise. It lay on the pier for a number of months until we found a market for it at about 25 per cent of the original invoice value.

Senator LA FOLLETTE. Have you any samples of the things you produce?

Mr. WORMS. This tie that I have on. I had an exhibit at the Ways and Means Committee of our merchandise. Samples are available to your committee at any time.

BRIEF OF SIDNEY WORMS, REPRESENTING THE NATIONAL KNITTED OUTERWEAR ASSOCIATION, NEW YORK CITY.

In House of Representatives bill 7456 such of the product of the knitted outerwear industry as are composed wholly or in chief value of silk are specified in the latter part of paragraph 1208, page 135, lines 15, 16, and 17.

We are not interested in the other fabrics or articles included in that paragraph, our sole interest being in knitted outerwear.

CHANGES SUGGESTED IN WORDING.

We respectfully suggest the following changes in paragraph 1208, page 135, line 15

First. After the word "and" insert the word "all."

Second. Strike out the word "goods" and insert the word "articles."

Third. After the word "crocheted" insert the words "wholly or in part."

The reasons for these suggestions for changes in the language of the paragraph are self-evident.

CHANGES SUGGESTED IN RATE.

Paragraph 1208, page 135, line 17: Strike out "40" and insert "50."

Paragraph 1208, lines 15, 16, and 17 should read with suggested changes incorporated:

"Outerwear and all other articles, knit or crocheted, wholly or in part, finished or unfinished, composed wholly or in chief value of silk, 50 per centum ad valorem."

At the hearings before the Ways and Means Committee all the facts and circumstances relating to the industry and its tariff necessities were placed before that committee and request was made (1) for a separate classification for knitted outerwear; and (2) a proper protective rate which would necessarily be higher than the rate given to hosiery, underwear, etc., for reasons stated at length before the Ways and Means Committee,[1] and which briefly stated are:

(*a*) That knitted outerwear products are articles of fashion.

(*b*) That in the manufacture of knitted outerwear greater overhead costs are incurred due to the rapid change in style, necessity of carrying stock of raw material, and many colors.

(*c*) Greater selling expense in the sale of knitted outerwear.

(*d*) Advantages of foreign competitors in low overhead, etc.

It was obviously the intent of the Committee on Ways and Means and the House to recognize the justice of our requests, for in both the silk and wool schedules separate classifications were made for knitted outerwear, but the rate fixed for silk knitted outerwear was no higher than that provided for knit underwear, hose, etc., whereas a higher rate than wool underwear was properly given to wool outerwear in Schedule 11, paragraph 1115, page 123, line 22.

The omission on the part of the Ways and Means Committee to provide a higher rate of duty for silk outerwear, knit or crocheted, than they provided for silk knit underwear, we believe to have been the result of purely unintentional inadvertence, because otherwise there would have been no object in providing a separate classification for silk outerwear, knit or crocheted.

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[1] Report of tariff hearings, Feb. 3, 1921, p. 2878; also p. 2625.

REASON FOR CHANGE IN RATE.

For the information of the committee we submit herewith figures showing the cost of manufacture of silk knit outerwear per pound in this country as compared with the cost of manufacture in Germany, which is the country of principal competing production.

The labor figures upon which this comparison is based have been taken from Research Report No. 40 on Wages in Foreign Countries, prepared by the National Industrial Conference Board, which indicate (p. 67) that the average hourly textile labor wage in Germany is less than 7 marks (including all emergency allowances, etc.), which at $0.006 exchange is approximately 4 cents United States currency, as compared with an average hourly wage in our industry at home of approximately 50 cents.

Comparative cost analysis of domestic and foreign manufacture of knitted outerwear.

	Foreign.	Domestic.
Raw material (dyed yarn)	$6.70	$8.36
10 per cent waste	.67	.83
Net cost of yarn dyed	7.37	9.19
Conversion cost	[1] 2.25	[2] 11.26
Total manufacturing cost	9.62	20.45
Difference (about 53 per cent)	10.83	.....

[1] One-fifth of domestic conversion cost.
[2] This is present value and takes into account all conversion costs from raw silk to dyed yarn, the basic raw silk price being the same at home and abroad, being 55 per cent of total manufacturing cost.

This comparison shows that it would require an ad valorem duty of 53 per cent based on American value to enable the American manufacturer to compete.

We therefore respectfully ask that the rate assessed on our products be not less than 50 per cent.

ARTIFICIAL SILK KNITTED OUTERWEAR.

[Paragraph 1215.]

STATEMENT OF FRED MAYER, REPRESENTING THE NATIONAL KNITTED OUTERWEAR ASSOCIATION, NEW YORK CITY.

Senator McCUMBER: Didn't Mr. Phoenix speak on this same subject?

Mr. MAYER. No; that was on the wool manufacturers of knitted outerwear.

Senator McCUMBER. You wish to speak, do you?

Mr. MAYER. Yes.

Senator McCUMBER. Very well; proceed.

Mr. MAYER. Gentlemen, as you undoubtedly know, the manufacture of knitted outerwear made of artificial silk is a growing business. In time we think we shall be able to do a large business and, therefore, we hope you will give it proper consideration.

Senator WATSON. To what paragraph are you addressing yourself?

Mr. MAYER. Paragraph 1215.

Senator WATSON. Artificial or imitation silk?

Mr. MAYER. Lines 7 to 10.

Senator WATSON. Knitted goods, ribbons, and other fabrics?

Mr. MAYER. Yes; particularly knitted outerwear. I am referring to that which takes in sweaters, knitted scarfs, etc.

Based on the duty on artificial yarn, as assessed under the House bill, we ask on our article a 50 cents per pound specific duty and 70

per cent protective ad valorem duty, American valuation, to allow us to compete with the foreign goods and continue to retain our business.

Senator SMOOT. Instead of 45 cents?

Mr. MAYER. Yes.

Senator SMOOT. Then do you want that specific duty of 45 cents?

Mr. MAYER. In the brief which I am going to submit to the committee we say we want to strike out 45 and insert in lieu thereof 70.

Senator SMOOT. Seventy cents a pound?

Mr. MAYER. Yes. Under the present bill the duty on yarn would be 63 cents per pound, and we ask for 70 cents on the manufactured products. The figures that are presented on labor and everything will prove that we are entitled to the protective rate we ask.

Senator SMOOT. And a 50 per cent ad valorem?

Mr. MAYER. We want to strike out 37.5 and insert 50.

Senator WATSON. Tell us why.

Mr. MAYER. I will say this, if you do not mind, that I am handing to the committee a memorandum showing figures in detail on actual production costs of knitted outerwear in the United States and in Germany and also showing the necessity for this rate.

Senator McCUMBER. You may proceed.

Mr. MAYER. I think that is about all I have to say.

Senator McLEAN. What is the raw material?

Mr. MAYER. Artificial silk.

Senator McLEAN. What do you make artificial silk from?

Mr. MAYER. Out of various materials. I would rather not go into that because I am not an expert on it. Some is made out of cotton linters and some of wood pulp.

Senator SMOOT. I notice that on singles it is 45 cents per pound, and if tram, 50 cents per pound. Why do you want 70 cents as against manufactured yarn itself at 45 cents?

Mr. MAYER. I will read this.

Senator SMOOT. Never mind reading it if it is there.

(The brief referred to is as follows:)

A large and increasing quantity of knitted outerwear is being manufactured from artificial silk. These products are covered by the latter part of paragraph 1215, page 137, lines 7 to 10, of the pending tariff bill.

We recommend the following changes:

In verbiage.—Paragraph 1215, page 137, line 7: Strike out words "knit goods" and insert in place thereof "fabrics and articles, knit or crocheted, wholly or in part." This modification in the language of the paragraph we believe will make the classification more definite and certain.

In rate.—Paragraph 1215, page 137, line 9: Strike out "45" and insert in place thereof "70." Line 10, strike out "37½" and insert in place thereof "50."

The amended paragraph 1215.—Lines 7, 8, 9, and 10 should read with proposed changes incorporated:

"Fabrics and articles, knit or crocheted, wholly or in part, ribbons and other fabrics and articles composed wholly or in chief value of any of the foregoing, 70 cents per pound, and in addition thereto 50 per cent ad valorem."

REASONS FOR CHANGE IN RATE.

Compensatory specific duty.—The duty on the raw material (artificial silk yarns) as provided in this paragraph will at the present American value be assessed at the 23 per cent ad valorem rate (p. 137, lines 6 and 7), which upon the present American value of artificial silk yarns of $2.75 per pound equals 63 cents per pound.

In fixing the compensatory specific duty for articles made from artificial silk yarns, there should be added 10 per cent to cover conversion waste, which necessitates a specific compensatory duty of 70 cents per pound on such articles.

Ad valorem protective duty.—The protective ad valorem duty on knit goods and other articles manufactured from artificial silk yarns should be not less than 50 per cent ad valorem, which is the minimum rate which would put us on a competitive basis with foreign manufacturers of this class of merchandise.

We submit below for the information of your committee figures showing the comparative cost of manufacture of artificial silk knitted outerwear made in Germany as compared with the cost of similar articles made in the United States.

Comparative analysis of cost of manufacture of artificial silk knitted outerwear in the United States and Germany.

	Germany.	Domestic.
Cost artificial silk yarn per pound	$1.90	$2.75
Dyeing	.06	.30
Waste, 10 per cent	.19	.30
Total material cost (which is 45 per cent total domestic manufacture cost)	2.15	3.35
Conversion cost (which is 55 per cent of total domestic manufacture cost)	[1] .82	4.10
Total cost	2.97	7.45
Difference	4.48	.....

[1] The foreign conversion cost is approximately one-fifth of the domestic production cost. The labor figures upon which this comparison is based have been taken from Research Report No. 40 on wages in foreign countries (National Industrial Conference Board) which shows that the labor wage in German textile industries is less than 7 marks per hour, taking into account all additions to wages by way of allowances, etc., which is equivalent at six-tenths cent per mark to 4 cents United States currency as compared with a low average hourly wage of 50 cents in the United States. These figures are also confirmed by the pamphlet on tariff information—Wages in foreign countries—published this year for the use of Congress.

Deducting from the above difference in the cost of manufacture—i. e., $4.48 per pound—the 70 cents compensatory duty for which we ask, there remains $3.78 to be covered by the protective ad valorem duty, which is equal to 50 per cent American value and is the minimum rate under which American manufacturers in this industry can compete with Germany. We therefore respectfully ask that the rate for our products be fixed at no less than 70 cents per pound specific duty and 50 per cent ad valorem.

ARTIFICIAL SILK YARNS.

[Paragraph 1215.]

STATEMENT OF ROLAND L. TAYLOR, PHILADELPHIA, PA., REPRESENTING THE TUBIZE ARTIFICIAL SILK CO. OF AMERICA.

Senator McCUMBER. Mr. Taylor, please give your address, business, and whom you represent.

Mr. TAYLOR. My name is Roland L. Taylor. My address is Philadelphia, Pa.

I am chairman of the board of the Tubize Artificial Silk Co. of America.

Perhaps, for a moment, it would be well for me to speak of our particular line of manufacture. I represent the yarn end of the artificial silk industry. Every other speaker that has appeared before you to-day has represented the manufacture of merchandise made from silk or artificial silk yarns. I speak for the yarn itself. This [indicating] is artificial silk yarn which is used by many of these gentlemen who have appeared before you in the manufacture of their products. This [indicating] is the yarn just as it is spun. These [indicating] are some of the colors that are dyed. This [indicating] is a sample of hosiery made from artificial silk yarn.

Senator SMOOT. Have the plants increased in the United States since 1909?

Mr. TAYLOR. If you will let me have about three minutes of your time, I think that perhaps, since there is so little known about the industry, I can give you a brief sketch.

In the first place, there are two methods in use to-day in making artificial silk. One is known as the viscose method, and the other is known as the nitrocellulose method. The viscose method takes wood pulp and reduces it by a chemical process to a viscous mass, which is then spun into a filament. Our method takes cotton linters and makes guncotton out of them. To that extent it is the same as gunpowder. From that point on it is reduced from guncotton to a viscous mass by another chemical process and then into a filament.

Senator McLEAN. The base of this is cotton?

Mr. TAYLOR. Cotton linters; yes, sir. As to the viscose silk, if I had some of it here you would not be able to see the difference between that and the samples which I exhibited of nitrocellulose silk. No one could tell the difference except an expert, and perhaps even he would have considerable difficulty. Cellulose of one kind or another is used as a basis for both methods, the difference being in the chemical treatment of the cellulose and the methods of spinning into a filament.

You have heard so much of the labor costs here and abroad that it is hardly necessary to speak on this subject. Before the Ways and Means Committee I introduced direct evidence through a Belgian superintendent and through a Swiss gentleman at the head of a Hungarian plant. The actual labor cost paid in Switzerland, Belgium, France, and Hungary is all in the comparative schedule of wages prepared and published for the Ways and Means Committee.

The raw materials for our product are probably 10 per cent cheaper on the other side. Labor is from one-quarter to one-fifth in Belgium and France. Of course, in Germany it would be very much cheaper.

We ask for a tariff which will equalize labor, nothing else. We ask for a tariff which will allow the foreign manufacturer to land his goods in this country and sell them in competition, landed, at the same cost which we have to pay for our manufactured goods.

Senator WATSON. How much do you say that is?

Mr. TAYLOR. The Underwood bill carried a rate of duty of 35 per cent. At the price of francs to-day that amounts to only about 14 per cent on American valuation. We should have a duty which, in round figures, would amount to about 85 cents per pound.

Senator SMOOT. That would be the case if they did not pay any more francs now than before on account of depreciation.

Mr. TAYLOR. I was going to touch that in both ways. To-day it requires 85 cents to put us on a par in our own market with the foreign manufacturer who is selling goods in this country.

Senator WATSON. Do you mean instead of 45 cents?

Mr. TAYLOR. I am speaking of cents only. I am speaking of money, not per cent. Yes, sir.

Senator LA FOLLETTE. What would that be expressed in ad valorem?

Mr. TAYLOR. Forty per cent on American valuation. I think perhaps the values which Mr. Cheney put in—his answer to that same question—of 38.5 or 55 per cent on the foreign value would

suffice for the present. I think it would complicate matters less if I should let it go at those figures.

We are under the silk schedule, although we are not distinctly silk. We are cotton. I should take the same 38.5 on American valuation and the 55 per cent on foreign values of which Mr. Cheney spoke.

Senator SMOOT. The Fordney bill gives you 40 cents per pound, does it not?

Mr. TAYLOR. I understood it gave 45 cents, but not less than 23 per cent ad valorem.

Senator SMOOT. There is, of course, a duty of 23 per cent ad valorem limitation.

Mr. TAYLOR. I proved the facts in the case pretty clearly to the Fordney committee. They were friendly in their attitude. Why they have reduced the tariff since the Underwood tariff was in existence I do not know. The Underwood tariff was laid at a time when exchange all over the world was at par. At that time the average labor cost abroad was probably about half of what our labor then cost. To-day it is one-quarter to one-fifth, and as to the exchange, of course, you know. Why they have reduced the tariff is beyond my understanding. This is not an argument; it is just simply a statement of facts. It is not a matter of opinion. The facts are all very clear.

Senator McCUMBER. Can you give the importations and also the production in the United States?

Mr. TAYLOR. The capacity for producing in the United States to-day is probably 19,000,000 to 20,000,000 pounds. I can not tell you what the importations are. They vary so much and come in so fast.

Senator McCUMBER. Are they importing these yarns?

Mr. TAYLOR. They are importing these yarns. I am talking only of yarns. I am not dealing with anything else but these yarns.

Senator McCUMBER. You do not know to what extent fabrics composed of artificial silk are imported?

Mr. TAYLOR. I do not know that, sir. A very large amount of yarn has come from abroad this year, however, because the foreign product at this time is paying only from one-third to four-tenths of the 35 per cent ad valorem provided in the Underwood bill. In other words, the Underwood bill provided a tariff of 35 per cent ad valorem at the time when exchange was practically at par all over the world, so that it really meant much more nearly 35 per cent on American valuations. At the present time a franc varies from less than one-third to a little over four-tenths of its par value, and therefore the amount of duty being levied on foreign selling price is approximately one-third to four-tenths of the amount that should be imposed.

Senator McCUMBER. You do not know how many pounds of yarn have come in?

Mr. TAYLOR. I am unable to answer that. It could be gotten through the customhouse.

Senator McCUMBER. Is it given in our reports?

Senator SMOOT. I will give it to you in a minute.

Senator McCUMBER. It shows here yarns and threads, during the last 10 months, 3,465,000.

Mr. TAYLOR. That is for what period?

Senator McCUMBER. Ten months. It is up to the 1st of November.

Mr. TAYLOR. Yes.

Senator McLEAN. What is the condition of your industry?

Mr. TAYLOR. My industry is comparatively new. We have put into it so far about $7,000,000. We have erected a plant at Hopewell, Va. The site you may recall as the location of the Dupont plant, where 1,200,000 pounds of guncotton was made each day. That was an amount equal to the whole production of France. We bought part of their land and part of their machinery, the operation having cost to date, as before stated, about $7,000,000. We are employing about 2,000 people, both men and women, and will eventually employ many more. We have reached about 6,000 pounds of silk yarn per day, our ultimate capacity being planned for 10,000 pounds per day. The whole of the territory surrounding Hopewell is really dependent upon us. Other industries are following us, and if we succeed Hopewell is likely to become a permanent community. The building of our plant and the protection of our business really means the retention of a section that had been started during the war, but which otherwise would have been ruined with the closing of the war.

Senator McLEAN. The condition of your industry is what?

Mr. TAYLOR. We started last May. We have reached about 60 per cent of our production. We are selling the product and we are going ahead, but if this foreign silk is landed here so much more cheaply than we can make it, as is the case at present, it simply allows them to go on and increase manufactures abroad and to finally drive us out of business.

Senator McLEAN. That is anticipation. I am wondering whether you have met any competition.

Mr. TAYLOR. Oh, yes. The amount of foreign silk that has been brought in here—that is, upward of 3,500,000 pounds—has depressed the price. The silk that comes in is not of the highest quality. Silk in this country is graded as A, B, and C. Very little of A quality comes in, but large quantities of B and C quality. The imports greatly depressed the price of B and C qualities.

Senator McCUMBER. In support of your statement, it should be said that during the entire year of 1920 the importations were 1,716,667 pounds, while during the 10 months of 1921 they grew to 3,425,000 pounds.

Mr. TAYLOR. That is in answer to your question, Senator McLean.

Senator McLEAN. That shows an enormous increase in importations.

Mr. TAYLOR. Yes. That seems to be a pretty good answer to your question.

Senator McLEAN. Yes; it is.

Mr. TAYLOR. If that increase were to keep on, it would eventually drive us out of the market.

What we are asking for is for the actual difference in the labor cost and in the goods, so that we will not be at such a disadvantage. We want to let the foreign manufacturer in, but we want a fair chance in our home market.

Senator McLEAN. You are located in Virginia, are you?

Mr. TAYLOR. The plant is in Virginia, but the money came from New York. About $4,000,000 came from New York and about $3,000,000 from Philadelphia.

Senator SMOOT. Who owns the plant in Ohio?

Mr. TAYLOR. I do not know of any plant in Ohio that is producing silk.

SENATOR MCCUMBER. A further examination of this report shows that the figures of 1,667,000 for 1920 was for the first 10 months of that year.

MR. TAYLOR. There is one thing that I want to call to your attention, and that is that France, which makes a large quantity of artificial silk yarns and is at present exporting large quantities to this country, has a duty of 22.5 francs per kilo against any silks from any other country. At the present rate of exchange that is approximately 80 cents per pound. France is sending its goods to this country with a duty of, possibly—well, it would not be over 40 or 50 cents—when its duty against its neighbors—Italy, Belgium, Switzerland, and Germany—is 80 cents to-day.

Senator MCLEAN. Do you know what Great Britain has done?

Mr. TAYLOR. I think probably Great Britain is sending silk in, too. They have a company, the Cortauld Co., which probably sent in a great deal of silk. You asked about the effect of this on prices. I think the A quality of silk in this country is probably better than any made abroad. You see in making this yarn a filament is spun, and many operations, chemical and mechanical, enter into the making of a perfect yarn. Our A quality is probably better than theirs; our B and C qualities are no better. The silk sent in to this country competes directly with the B and C qualities, and when the market is quiet depresses the prices of these qualities very much indeed.

I think the fact that France has been making this for many years and puts a duty of 10 francs a pound on it ought to weigh very strongly with this committee.

I have nothing further to say, but I would like to file a brief with the committee.

Senator MCCUMBER. Very well.

Mr. TAYLOR. I thank you.

Senator SMOOT. Suppose we keep the specific duty, what do you want on singles?

Mr. TAYLOR. Eighty-five cents.

Senator SMOOT. Instead of 45?

Mr. TAYLOR. Yes.

Senator SMOOT. And on the other?

Mr. TAYLOR. I would rather leave that. I am not a technical man.

Senator SMOOT. You want 5 cents more?

Mr. TAYLOR. Yes.

BRIEF OF ROLAND L. TAYLOR, REPRESENTING THE TUBIZE ARTIFICIAL SILK CO. OF AMERICA.

Artificial silk and real silk have in common one property—luster. Artificial silk is more lustrous and not so costly, but has a different "feel," is heavier, weaker, less elastic, and more difficult to manpulate than teal silk, but is constantly being improved and working nearer to the qualities of real silk.

All of the commercially important artificial silks are obtained from some form of cellulose, the predominating constituent of plant tissue. There are three methods of manufacture, known as the viscose, nitrocellulose, and cupra-ammonium.

The viscose process uses wood pulp as a base, treating it with caustic soda and carbon bisulphide.

The nitrocellulose process uses cotton linters as a base, and after nitrating the cotton reduces this to a viscous fluid by the use of chemicals and then spins it into a filament.

The cupra-ammonium process results in a coarser product and has been largely superseded by the other methods.

Production in this country increased from 1,566,000 pounds in 1913 to 5,288,000 in 1918, with almost a total stoppage of import during the war. It has now increased to about 20,000,000 pounds, while lately imports have largely increased; in fact, are now coming in at a rate much greater than before the war.

This is due to two causes: First, largely increased consumption due to the constantly increasing variety of uses for the product; and, second, to the very low tariff as at present applied, due to the low cost of manufacture and depreciated currencies in foreign countries, thus allowing the landing of foreign-made artificial silk in this country, duty paid, at less than the cost of American manufacture.

We understand the purpose of the tariff to be the equalization of labor costs as between foreign countries and the United States in order to protect American labor in the enjoyment of its standard of living and to protect the American manufacturer to the extent that foreign goods shall be landed in this country, duty paid, at not less than the cost of American manufacture.

So much evidence has been given about foreign labor costs that we will state only that labor employed in the manufacture of artificial silk in Belgium, France, Italy, and Switzerland is paid approximately one-fifth of the wages in this country for the same work, while in Germany, Austria, and Hungary it is still lower.

Artificial silk can be bought f. o. b. the ports of Belgium or France for 43 francs a kilo, and taking the average value of a franc for the past year as 7 cents (as the Ways and Means Committee of the House has done for the purpose of comparison) we get a price of $1.37 per pound. This price includes a fair profit to the foreign manufacturer, as I am reliably informed that these goods selling f. o. b. Antwerp, for instance, at 43 francs a kilo cost about 30 francs to manufacture. Adding to the $1.37 an additional 5 cents per pound for freight and port charges, this silk is landed in the United States at $1.42 per pound before duty, including, as before stated, a profit to the foreign manufacturer.

A price of $2.50 per pound in the United States provides a very modest manufacturing profit to us. Therefore, the difference between the foreign selling price before payment of duty and our selling price is $1.08 per pound.

Taking the cost of manufacture as a guide instead of selling price: It has been stated above that silk selling at 43 francs a kilo (2.2 pounds) in France or Belgium costs about 30 francs, or the equivalent of 95½ cents per pound based on francs being worth 7 cents. Our cost of manufacture, allowing for no return on capital and allowing for very moderate depreciation, would be very slightly over $2, thus arriving at practically the same difference between costs of manufacture abroad and at home, as the difference between selling prices abroad and at home, as previously shown, viz, $1.08 per pound.

Please note also that France, where labor costs are one-fifth of ours but practically the same as those in Belgium and Switzerland and but slightly higher than those of Italy, imposes a duty of 22½ francs a kilo or 10 francs a pound on all artificial silk trying to enter her borders from any of these nations. Thus, at 7 cents a franc, France imposes a duty of 70 cents a pound against silk from other nations, while she is sending it into the United States, where labor is 4 to 5 times as high, and paying a duty based on 7-cent francs of only 48 cents per pound.

I have not compared Italian costs with ours because the rate of exchange is quite different, but they would be lower than in France and Belgium.

In view of the facts hereinabove set forth, therefore, it would seem only fair to fix the tariff protecting the manufacture of artificial silk in this country at 40 per cent on American valuation, should that system be adopted, or at 75 per cent of foreign valuation, should the present system be continued, but in no case to be less than 85 cents per pound.

This contention is further strongly supported by the fact that the tariff of 1913 enacted by the Democratic Party provided a rate of 35 per cent when exchange was approximately at par all over the world and foreign labor was paid perhaps one-half of the then cost of American labor, instead of the present ratio of one-fourth to one-fifth.

Our request asks for an increase of only 5 per cent, to be based on American values, which are the equivalent of the then universal par of exchange, to offset these adverse factors of depreciated foreign moneys and low labor costs.

We suggest, therefore, one of the following schedules in place of Schedule 12, paragraph 1215, H. R. 7456;

If American valuation is adopted: Yarns, threads, filaments, or lame of artificial silk, or of artificial or imitation horsehair, or of the waste of such materials, by whatever name known, or by whatever process made, 40 per cent ad valorem, whether singleso tram, or organzine, provided that none of the foregoing shall pay less rate of duty than 85 cents per pound on singles, 90 cents per pound on tram, or $1 per pound on organzine. Knit goods, ribbons, and other fabrics or articles composed wholly or in chief value of any of the foregoing, per pound.

If the present system of valuation on foreign selling price is adopted: Yarns, threads, filaments of artificial or imitation silk, or of artificial or imitation horsehair, by whatever name known, and by whatever process made, if in the form of singles, 85 cents per pound; if in the form of tram, 90 cents per pound; if in the form of organzine, $1 per pound: *Provided*, That in no case shall any yarns, threads, or filaments of artificial or imitation silk or imitation horsehair, or any yarns, threads, or filaments made from waste of such materials, pay a less rate of duty than 75 per cent ad valorem; beltings, cords, tassels, ribbons, or other articles or fabrics composed wholly or in chief value of yarns, threads, filaments, or fibers of artificial or imitation silk or of artificial or imitation horsehair, by whatever name known, and by whatever process made, 85 cents per pound, and in addition thereto 37½ per cent ad valorem.

The writer directly represents the Tubize Artificial Silk Co. of America, whose plant is situated at Hopewell, Va., employing at the present time upward of 2,000 men and women. The company has so far expended approximately $6,000,000 on the plant and, should the tariff give us adequate protection, will largely increase its present capacity.

In line with the policy protecting the future peace of our country and the world, by having a large number of plants engaged in peaceful industry, but capable of being transformed into factories for turning out war material, it should be noted that our method of manufacturing silk first produces guncotton (nitrated cotton), which is later dissolved. We could, therefore, immediately turn this part of our plant to the support of the country in time of need, and instantly supply a considerable quantity of explosives. Further, through our training and equipment we could greatly enlarge our capacity in a minimum of time.

Viewed superficially, what we ask may seem high, but that is not due to any cause arising in American manufacture. It is the inevitable result of the facts as we find them and have to deal with them.

Let us again emphasize the fact that we ask only a sufficient tariff to make up the difference between cost of foreign silk landed in this country and the cost of manufacture in this country, thus placing the home and foreign manufacturer on the same plane. Surely we can expect you to give us this right to compete on equal terms in our own markets and to agree with us that if we give the foreign manufacturer an equal chance we, as a Nation, are very generous. The figures in our suggested schedule do exactly this and nothing more.

SCHEDULE 13.

PAPERS AND BOOKS.

THE PAPER INDUSTRY.

STATEMENT OF HENRY W. STOKES, REPRESENTING AMERICAN PAPER AND PULP ASSOCIATION, NEW YORK CITY.

The CHAIRMAN. Mr. Stokes, will you state where you reside, for the information of the committee?

Mr. STOKES. Philadelphia, Senator.

The CHAIRMAN. Will you proceed to inform the committee as to your views on the subject?

Mr. STOKES. Mr. Chairman, I am the chairman of the general tariff committee of the American Paper & Pulp Association.

The paper schedule is divided into many different classifications, as you all well know.

Gradually, during the past 10 years, the United States has become the leading paper manufacturing country in the world, and in answering the question as to what the paper industry means to America we must emphasize the fact that maintaining the leadership in the paper industry of the world means maintaining in an effective way an industry the value of whose product in the United States exceeds annually $1,000,000,000.

To form a background for the detailed statements to be given later by representatives of particular groups of manufacturers, speaking with relation to the needs of protection for the grades of paper which they manufacture, it is desirable to give briefly a general statement of what the paper industry means to America. No attempt will be made to give detailed figures in this general statement.

In the United States there are 818 paper and 322 pulp mills, whose product in 1920 was valued at about $1,025,000,000. The capital invested in this industry will probably be shown in the forthcoming census reports to be nearly $1,000,000,000. Paper manufacturing is not a temporary or a migratory industry. It requires initial investment in plant and machinery of a larger amount than that required in nearly any other industry with an equal value of product.

The product of the paper mills of this country ranges from the finest types of paper, such as that used for bank notes, bonds, and commercial documents, down to the building felts and paper boards. They all are related and their raw material and market problems are alike and reasonably uniform. All grades of paper are used in every community in this great country.

The paper mills of this country are for the most part located back from the larger cities, near the source of raw material and of available water power. In these localities the paper industry is often the only

industry upon which the community depends for its existence. The paper industry employs some 110,000 men and women in different parts of the country and in the paper communities calls into existence stores, schools, and other business and social activities making up the existence of American communities.

During the past 10 years the consumption of paper has grown steadily, and its use is constantly widening as new uses are developed by the public and by the industry. In 1909 the production of paper in the United States mills was 4,216,708 tons. In 1920 there was a production of 7,334,614 tons. The distribution of this production by grades is of interest. Paper or box board led with a tonnage of 2,313,449. Newsprint was second, with 1,511,968 tons. Others in order are as follows:

Book, 1,104,464; wrappings, 1,403,812; fine papers, 389,322 tons; felts and building, 366,941 tons; tissue, 177,447 tons.

In the production of paper the heaviest tonnage is found, of course, in the cheaper grades, so that figures as to valuation may be of interest. Book paper produced in 1920 was worth about $220,000,000. Board values were over $200,000,000. Newsprint was worth approximately $150,000,000, and fine paper, though far less in tonnage, approximated about the same value as newsprint.

The way in which paper is coming into the daily lives of the people of this country is indicated by the increase in per capita consumption in the past few years. The paper industry has been called upon to supply these increased needs of the population, and in spite of the complexity of process and capital required has more than kept pace with the increasing per capita use of paper. The per capita production of all grades of paper during the past few years is as follows: 1899, 57 pounds; 1904, 75 pounds; 1909, 93 pounds; 1914, 107 pounds; 1919, 118 pounds; 1920, 138 pounds.

During the past year the paper industry has felt the general business depression seriously, and the falling off in tonnage production and in valuation has followed somewhat closely the average decreases in these items in industry generally. The past three or four months have seen some improvement and in some grades of paper the industry is now back to 75 per cent of normal. Many grades are, however, still below 50 per cent of the customary production. No small part of the difficulties confronting paper manufacturers is the competition from Scandinavian and German manufacturers, who, with the advantage of depreciated currency, low wage conditions, low standards of living, are able to make paper at a rate which American manufacturers can not approach. This situation, coupled with the low freight charges from Europe to our shores—for it costs less to ship a ton of paper from Europe to New York than to ship a ton of paper across the State of New York—has made the situation of the American paper manufacturer precarious to the extreme. Many paper machines are shut down. Their market has been taken from them by European competition, and that in face of the fact that America has the largest, fastest, and generally the most modern paper machinery in the world.

Because of the very large capital investment necessary in the manufacture of paper and the consequently large overhead it is essential for paper mills to run full or nearly full if there is to be fair profit. Such a decline in production as has come about the past year adds materially to the cost of manufacture. There has been a

steady though not a sensational increase in the number of paper-making machines up to 1921. The capacity of the mills has been increased in a much greater ratio than the increase in number of machines. This is due to more efficient means of manufacture.

All that the American manufacturer needs at this time is reasonable protection against cheap foreign labor and against conditions arising from depreciated exchange, to be able to compete with foreign manufacturers for the home markets on equal terms. When the German workman, for instance, is employed at a wage equivalent in purchasing power to about one-third of the wage paid in America the situation of the American manufacturer is easily realized.

The paper manufacturer feels that there must be some protection against competition, based upon the wide divergence in wages as between this country and European countries. It is felt that the question of depreciated exchange is a very difficult one, and we believe that the Senate Finance Committee and others concerned with this question will develop a solution, in so far as a solution can be worked out, that will protect American industries.

BRIEF OF THE AMERICAN PAPER AND PULP ASSOCIATION AND ITS AFFILIATED ASSOCIATIONS.

Following you will find the provisions of Schedule 13 of the pending tariff bill as introduced in the United States Senate, with suggested changes as prepared by the tariff committees of the affiliated associations of the American Paper and Pulp Association. These suggested changes and alterations, made for the the sake of clarity, are shown in *italic* type for special emphasis.

At the close of the schedule is an appendix giving substantiating arguments as presented by various affiliated associations in the paper industry. These are supplementary to the arguments which were presented to the Ways and Means Committee of the House of Representatives on February 5, 1921.

This brief is sent to you directly, and is accompanied by copies of the brief presented to the Ways and Means Committee of the House.

There are several changes in the arguments presented herein. These changes, however, are principally in the figures giving the quotations of European and American firms on both imported and domestic products. These are given in order that the arguments may be brought down to date and apply as accurately to present conditions as the arguments presented to the House Ways and Means Committee applied to conditions of February 1.

SCHEDULE 13—PAPERS AND BOOKS.

PAR. 1301. Printing paper, *including that commonly known as book paper*, not specially provided for, one-fourth of 1 cent per pound and 10 per cent ad valorem: *Provided*, That if any country, dependency, province, or other subdivision of government shall forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, the President may enter into negotiations with such country, dependency, province, or other subdivision of government to secure the removal of such prohibition, restriction, export duty, or other export charge, and if it is not removed he may, by proclamation, declare such failure of negotiations, setting forth the facts. Thereupon, and until such prohibition, restriction, export duty, or other export charge is removed, there shall be imposed upon printing paper provided for in this paragraph, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty of 10 per cent ad valorem and in addition thereto an amount equal to the highest export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon either an equal amount of printing paper or an amount of wood pulp or wood for use in the manufacture of wood pulp necessary to manufacture such printing paper.

PAR. 1302. Paper board and pulpboard, including cardboard and leather board or compress leather, not laminated, glazed, coated, lined, embossed, printed, decorated or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for, 10 per cent ad valorem: *Provided*, That for the purposes of this act any of the foregoing less than nine one-thousandths of an inch in thickness shall be deemed to be paper; sheathing paper, roofing paper, deadening felt, sheathing felt, roofing felt or felt roofing, whether or not saturated or coated, 10 per cent ad valorem.

PAR. 1303. Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton or other vegetable fiber, 1½ cents per pound and 15 per cent ad valorem; indurated fiber ware, masks composed of paper, pulp or papier-mâché, manufactures of pulp, and manufactures of papier-mâché, not specially provided for, 23 per cent ad valorem.

PAR. 1304. Papers commonly known as tissue paper, stereotype paper, and copying paper, *india and bible paper, condenser paper, carbon paper, coated or uncoated, bibulous paper, pottery paper, tissue paper for waxing*, and all papers not specially provided for in this section, *colored or uncolored, white or printed*, weighing not over 8 pounds to the ream of 480 sheets on the basis of 20 by 30 inches, and whether in reams or any other form, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds and less than 12½ pounds to the ream, 5 cents per pound and 15 per cent ad valorem; *if weighing over 12½ pounds, and less than 18 pounds to the ream, 4 cents per pound and 15 per cent ad valorem;* crêpe paper *and filtering paper*, 6 cents per pound and 15 per cent ad valorem: *Provided*, That no article composed wholly or in chief value of one or more of the papers specified in this paragraph shall pay a less rate of duty than that imposed upon the component paper of chief value of which such article is made.

PAR. 1305. Papers with coated surface or surfaces, not specially provided for, 9 cents per pound; papers with coated surface or surfaces, embossed or printed otherwise than lithographically, and papers wholly or partly covered with metal or its solutions (except as herein provided), or with gelatin or flock, 9 cents per pound and 20 per cent ad valorem; papers, including wrapping paper, with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, except designs, fancy effects, patterns, or characters produced on a paper machine without attachments, or produced by lithographic process, 9 cents per pound, and in addition thereto, if embossed, or printed otherwise than lithographically, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 9 cents per pound and 20 per cent ad valorem: *Provided*, That paper wholly or partly covered with metal or its solutions, and weighing less than 15 pounds per ream of 480 sheets, on the basis of 20 by 25 inches, shall pay a duty of 5 cents per pound and 17 per cent ad valorem; gummed papers, including decalcomania paper not printed, 6 cents per pound and 30 per cent ad valorem; cloth-lined or reinforced paper, 5 cents per pound and 17 per cent ad valorem; papers with paraffin or wax-coated surface or surfaces, grease-proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, by whatever name known, all other grease-proof and imitation parchment paper, not specially provided for, by whatever name known, 3 cents per pound and 13 per cent ad valorem; *vegetable parchment paper, 5 cents per pound and 13 per cent ad valorem;* bags, printed matter other than lithographic, and all other articles, composed wholly or in chief value of any of the foregoing papers, not specially provided for, and all boxes of paper or papier-mâché or wood covered or lined with any of the foregoing papers or lithographed paper, or covered or lined with cotton or other vegetable fiber, 5 cents per pound and 20 per cent ad valorem; plain basic paper for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes, 3 cents per pound and 15 per cent ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, 3 cents per pound and 20 per cent ad valorem; wet transfer paper or paper prepared wholly with glycerin or glycerin combined with other materials containing the imprints taken from lithographic plates, 20 per cent ad valorem.

PAR. 1306. Pictures, calendars, cards, labels, flaps, cigar bands, placards, and other articles, composed wholly or in chief value of paper lithographically printed in whole or in part from stone, gelatin, metal, or other material (except boxes, views of American scenery or objects, and music, and illustrations when forming part of a periodical or newspaper, or of bound or unbound books, accompanying the same), not specially provided for, shall pay duty at the following rates: Labels and flaps, printed in less than eight colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 20 cents per pound; cigar bands of the same number of colors and printings, 30 cents per pound; labels and flaps printed in eight or more colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 30 cents per pound; cigar bands, of the same number of colors and

printings, 40 cents per pound; labels and flaps, printed in whole or in part in metal leaf, 50 cents per pound; cigar bands, printed in whole or in part in metal leaf, 55 cents per pound; all labels, flaps, and bands, not exceeding 10 square inches cutting size in dimensions, if embossed or die-cut, shall pay the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings (but no extra duty shall be assessed on labels, flaps, and bands for embossing or die-cutting); fashion magazines or periodicals, printed in whole or in part by lithographic process, or decorated by hand, 8 cents per pound; decalcomanias in ceramic colors, weighing not over 100 pounds per 1,000 sheets on the basis of 20 by 30 inches in dimensions, 70 cents per pound and 15 per cent ad valorem; weighing over 100 pounds per 1,000 sheets on the basis of 20 by 30 inches in dimensions, 22 cents per pound and 15 per cent ad valorem; if backed with metal leaf, 65 cents per pound; all other decalcomanias, except toy decalcomanias, 40 cents per pound; all other articles than those hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of an inch in thickness, 20 cents per pound; exceeding eight and not exceeding twenty one-thousandths of an inch in thickness, and less than 35 square inches cutting size in dimensions, 8½ cents per pound; exceeding 35 square inches cutting size in dimensions, 8 cents per pound, and in addition thereto on all of said articles exceeding eight and not exceeding twenty one-thousandths of an inch in thickness, if either die-cut or embossed, one-half of 1 cent per pound; if both die-cut and embossed, 1 cent per pound; exceeding twenty one-thousandths of an inch in thickness, 6 cents per pound: *Provided*, That in the case of articles hereinbefore specified the thickness which shall determine the rate of duty to be imposed shall be that of the thinnest material found in the article, but for the purposes of this paragraph the thickness of lithographs mounted or pasted upon paper, cardboard, or other material shall be the combined thickness of the lithograph and the foundation on which it is mounted or pasted, and the cutting size shall be the area which is the product of the greatest dimensions of length and breadth of the article, and if the article is made up of more than one piece, the cutting size shall be the combined cutting sizes of all of the lithographically printed parts in the article.

PAR. 1307. Writing, letter, note, drawing, handmade paper and paper commercially known as handmade paper and machine handmade paper, japan paper and imitation japan paper, by whatever name known, *bristol board of the kinds made on a Fourdrinier machine*, and ledger, bond, record, tablet, typewriter, manifold, and onionskin and imitation onionskin paper, calendered or uncalendered, *weighing 8 pounds or over per ream*, 3 cents per pound and 15 per cent ad valorem; but if any of the foregoing is ruled, bordered, embossed, printed, lined, or decorated in any manner, other than by lithographic process, it shall pay 10 per cent ad valorem in addition to the foregoing rates: *Provided, That in computing the duty on such paper every 187,000 square inches shall be taken to be a ream.*

PAR. 1308. Paper envelopes not specially provided for, folded or flat, if plain, shall pay the same rate of duty as the paper from which made and 5 per cent ad valorem; if bordered, embossed, printed, tinted, decorated, or lined, 10 per cent ad valorem in addition to the foregoing rates.

PAR. 1309. Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, 23 per cent ad valorem; hanging paper, not printed, lithographed, dyed, or colored, 10 per cent ad valorem; paper hangings with paper back or composed wholly or in chief value of paper, not printed, lithographed, dyed, or colored, 5 cents per pound; printed, lithographed, dyed, or colored, 20 per cent ad valorem; wrapping paper not specially provided for, 23 per cent ad valorem; blotting paper, 2 cents per pound and 10 per cent ad valorem; filtering paper, 5 cents per pound and 15 per cent ad valorem; paper not specially provided for, 23 per cent ad valorem.

PAR. 1310. Books of all kinds, bound or unbound, including blank books, slate books and pamphlets, drawings, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all of the foregoing not specially provided for, 20 per cent ad valorem; books bound wholly or in part in leather, the chief value of which is in the binding, not specially provided for, 33⅓ per cent ad valorem; books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight 24 ounces each, with more reading matter than letters, numerals, or descriptive words, 20 per cent ad valorem; booklets, printed lithographically or otherwise, not specially provided for, 7 cents per pound; booklets, wholly or in chief value of paper, decorated in whole or in part by hand or by spraying, whether or not printed, 15 cents per pound; all post cards (not including American views), plain, decorated, embossed, or printed except by lithographic process, 26 per cent ad valorem; views of any landscape, scene, building, place or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of 1

inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying 35 square inches or less of surface per view, bound or unbound, or in any other form, 15 cents per pound and 20 per cent ad valorem; thinner than eight one-thousandths of 1 inch, $2 per thousand; Christmas and other greeting cards, printed lithographically or otherwise, or decorated in whole or in part by hand or by spraying, 30 per cent ad valorem.

PAR. 1311. Photograph, autograph, scrap, post-card and postage-stamp albums, and albums for phonograph records, wholly or partly manufactured, 23 per cent ad valorem.

PAR. 1312. Playing cards, 60 per cent ad valorem.

PAR. 1313. Papers and paper board and pulp board, including cardboard and leatherboard or compress leather, embossed, cut, die-cut, or stamped into designs or shapes, such as initials, monograms, lace, borders, bands, strips, or other forms, or cut or shaped for boxes or other articles, plain or printed, but not lithographed, and not specially provided for; paper board and pulpboard, including cardboard and leatherboard or compress leather, laminated, glazed, coated, lined, printed, decorated, or ornamented in any manner; pressboards and press paper, 23 per cent ad valorem; test or container boards of a bursting strength above 60 pounds per square inch by the Mullen or Webb test, 15 per cent ad valorem; stereotype-matrix mat or board, 28 per cent ad valorem; wall pockets, composed wholly or in chief part of paper, papier-mâché or paper board, whether or not die-cut, embossed or printed lithographically or otherwise; boxes, composed wholly or in chief value of paper, papier-mâché, or paper board, and not specially provided for; manufactures of paper, or of which paper is the component material of chief value, not specially provided for, 26 per cent ad valorem.

GLAZED AND FANCY PAPER.

The following statement is respectfully submitted to the Finance Committee of the Senate of the United States by manufacturers of glazed and fancy paper, in connection with the hearings before that committee on Schedule 13 of the Fordney tariff bill, H. R. 7456, in supplement to the brief submitted to the Ways and Means Committee of the House of Representatives February 5, 1921. The wording of paragraph 1305, relative to papers with coated surface or surfaces, not specially provided for, etc., is satisfactory to the manufacturers of glazed and fancy paper in America, with the exception of the rates for both specific and ad valorem duties, which are lower even than those provided for by the tariff acts of 1909 and 1913, and which are entirely inadequate for protection of the American glazed and fancy paper industry under existing conditions of cost and foreign competition.

The following paragraphs show the wording of the Fordney bill as related to glazed and fancy paper (paragraph 1305, page 149), and that of the brief submitted by the Glazed and Fancy Paper Manufacturers' Association to the Ways and Means Committee of the House of Representatives, as a statement of changes desired in Schedule M of the tariff act of 1913, in order to obtain sufficient protection for the continuance of the glazed and fancy paper industry in America.

Fordney tariff bill, paragraph 1305:

Papers with coated surface or surfaces, not specially provided for, 5 cents per pound; papers with coated surface or surfaces, embossed or printed otherwise than lithographically, and papers wholly or partly covered with metal or its solutions (except as herein provided), or with gelatin or flock, 5 cents per pound and 15 per centum ad valorem; papers, including wrapping paper, with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, except designs, fancy effects, patterns or characters produced on a paper machine without attachments, or produced by lithographic process, 4½ cents per pound, and in addition thereto, if embossed, or printed otherwise than lithographically, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 17 per centum ad valorem.

Statement from the Glazed and Fancy Paper Manufacturers' Association in brief submitted to Ways and Means Committee, House of Representatives, February 5, 1921, relative to changes desired in Schedule M of the tariff act of 1913:

Papers with coated surface or surfaces, not specially provided for in this section, 9 cents per pound; if wholly or partly covered with metal or its solutions or with gelatin or flock, or if embossed or printed, 9 cents per pound and 20 per centum ad valorem;

Papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern or character, whether produced in the pulp or otherwise, but not by lithographic process, 9 cents per pound; if embossed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 9 cents per pound and 20 per centum ad valorem.

RELIEF.

We do not desire any excessive protection, but simply ask that the rates be such as to place us on a competitive cost basis and to prevent the dumping of foreign goods on the American market. From all the facts and conditions pertaining to our industry, we believe the provisions of paragraph 411 of the act of 1909 relative to classification is perfect and comprehensive, and the provisions for specific duties did and will prevent dumping and undervaluation.

The rates of duty specified in paragraph 411, act of 1909, 5 cents per pound and 5 cents per pound and 20 per cent ad valorem, provided proper protection under the then existing conditions, but would be entirely inadequate under present costs and conditions to afford protection to our industry or approach the resultant ad valorem duty of 40 per cent now specified in paragraph 324, act of 1913.

We have in our possession positive information from manufacturers abroad quoting present market prices on surface-coated white and colored flat glazed papers at an average price of $4.75 per ream, 20 by 24 inches, 500, weight 19 to 20 pounds to ream. The present duty of 40 per cent would be equal to $1.90 ad valorem, equal to a specific duty of 9½ cents per pound weight of ream 19–20 pounds, and under these cost conditions these papers can be imported and compete successfully with the domestic-made article, and in order to afford our industry any measure of protection we would respectfully urge the commensurate advanced rates of duty of, respectively, 9 cents per pound and 9 cents per pound and 20 per cent ad valorem.

Conditions affecting the manufacture of glazed and fancy paper in both the United States and European countries have not changed since the submission of the glazed and fancy paper brief to the Ways and Means Committee of the House of Representatives on February 5, 1921. The rates granted by the House, however, 5 cents per pound and 5 cents and 15 per cent ad valorem, will average, at present cost abroad, only about 25 per cent ad valorem, while the Underwood tariff act of 1913 gave 40 per cent ad valorem protection. Treasury records show that under the provisions of paragraph 411 of the tariff act of 1909 the duty of 5 cents per pound on glazed, flat, and smooth-coated papers resulted in an ad valorem rate of 56.72 per cent, and its duty of 5 cents per pound and 20 per cent ad valorem on certain other classes of coated papers resulted in an ad valorem protection of 41.77 per cent. At that time, however, the cost of goods abroad was about one-fourth the present cost; therefore, the equivalent ad valorem duty was high when based on the low cost of the article. There has been no change in the costs abroad for some six months, nor is there likely to be any great change in the near future. We, therefore, respectfully request the Senate for the protection which would be obtained from duties of 9 cents per pound and 9 cents per pound and 20 per cent ad valorem, which would be equivalent at present costs to 40 per cent ad valorem as provided for in the tariff act of 1913 and as requested in the original brief to the Ways and Means Committee of the House.

In the event that the American valuation plan is adopted, as we earnestly hope it will be, we abandon the specific rates asked for in the brief submitted and respectfully request an ad valorem rate of duty of 33⅓ per cent on the accepted American valuation. This would afford rates of duty approximating the specific rates of 9 cents per pound and 9 cents per pound and 20 per cent ad valorem asked for and shown to be equitable in the brief herewith submitted.

(GENUINE) VEGETABLE PARCHMENT PAPER.

I. *Description.*—Vegetable parchment paper, so called from its resemblance to animal parchment in appearance and characteristics. A chemical product, the striking characteristics of which are (*a*) waterproof and (*b*) greaseproof qualities, produced by the partial chemical destruction by sulphuric acid of cotton and ligno cellulose, arrested at a point where the individual fibers are practically dissolved into and form a homogeneous sheet.

II. *Uses.*—Its chief commercial use is for wrapping food products to retain moisture, flavor, and odor, and as a sanitary wrapper impervious to external contamination.

It saved the dairy farmer large sums by replacing the insanitary cheesecloth used for wrapping butter.

The higher grades are also used for dialytic processes in sugar and other manufactures; in laboratory research; in fine-grade spinning; for hospital purposes; and as vellum for art purposes, such as lamp shades and program covers, etc.

III. *Substitutes.*—There is no substitute with the same qualities in the same degree. Various imitations are offered, much inferior in the characteristic qualities of parchment, but sufficiently resembling parchment in appearance and superficial qualities to deceive users. Imitations are sold as No. 2 parchment, imitation parchment,

parchmine, etc., all of which are made direct on the paper machine and do not require the conversion by chemical process and have no unusable waste. Imitations can be "loaded" and adulterated. Genuine parchment can not be.

IV. *Process of manufacture.*—Two distinct processes are required, for which two entirely different mills are required: (1) The manufacture in a paper mill in the usual manner of a pure cellulose paper, composed of cotton cellulose, 60 to 100 per cent, and ligno cellulose, 0 to 40 per cent. This paper is called "Waterleaf," from its absorbent quality, and must be strictly free from adulterants and from loading and "sizing" materials. (2) Conversion in a parchment mill, by passing the "Waterleaf" web through a bath of sulphuric acid of known and uniform strength and temperature, removing the acid, and drying and finishing the product.

In the conversion there is 8 to 10 per cent of waste trim, etc., which is worthless for paper making. In every other kind of paper the waste items can be used again for paper making.

V. *Domestic output* (see XIII).—Daily production—pounds:

Four paper mills, 111,000 normal, equals 62 per cent of 180,000 potential.

Six parchment mills, 101,000 normal, equals 45 per cent of 220,000 potential.

The ratio of normal to potential shows that the industry should be fully protected to enable American manufacturers to run to capacity and obtain export trade held exclusively by Germany in South America, Australia, New Zealand, and Japan.

VI. *Countries of foreign manufacture.*—Potential foreign competitors in the order of greatest tonnage: Germany, Austria, Belgium, France.

VII. *Raw materials.*—(1) Paper mill: (*a*) Graded cotton rags and chemicals for processing the same, viz, soda ash, lime, sulphuric acid, bleach, and acid-proof coloring matters; (*b*) bleached sulphite pulp. (2) Converting (parchment) plant: Sulphuric acid, and various softening agents for rendering the product pliable; no "loading" or adulterating materials can be used.

VIII. *Distribution of industry.*—Kalamazoo, Mich., 1 paper, 2 parchment; West Carrollton, Ohio, 1 parchment; Passaic, N. J., 1 paper, 1 parchment; Glen Mills, Pa., 1 paper, 1 parchment; West Conshohocken, Pa., 1 paper, 1 parchment.

IX. *Capital involved.*—Amount of invested capital of four mills from Government income tax return for the last four years: 1916, $3,209,000; 1917, $3,638,000; 1918, $4,826,000; 1919, $5,038,000.

X. *Labor involved.*—Average number of employees (four mills): Eighty-five per cent males, 660; 15 per cent females, 117; 88½ per cent American, 687; 11½ per cent foreign, 90.

XI. *Imports.*—None for 10 years, with exception of a few invoices. German prewar quotations and domestic competition kept domestic prices below profitable import prices.

XII. *Exports.*—Exports since 1917 have been made to British Isles, France, Belgium, Egypt, India, South Africa, Australia, New Zealand, Japan, and China, all of which markets (except France and Belgium) were supplied almost exclusively by Germany before the war.

Exports (four mills): 1917, 4,139,000 pounds; 1918, 2,697,000 pounds; 1919, 2,783,000 pounds; 1920, 2,417,000 pounds.

XIII. *Cost of production, cost of overhead and selling, and price.*

[Stated in dollars per 1,000 pounds from reports to United States Government from income tax, etc., reports.]

Year.	Per cent.	Production (pounds).	Cost of production.	Cost overhead and selling.	Total of cost of production and overhead and selling.	Per cent of cost of production and overhead and selling.	Prices, average.	Per cent.	Per cent net profit on average price.
1915	93	27,053,733	$74.62	$5.32	$79.95	100	$83.33	100	4
1916	100	29,008,485	93.27	9.36	100.30	125	115.90	138	15
1917	84	24,407,130	123.55	11.76	132.10	165	155.00	186	15.8
1918	83	25,078,683	136.25	14.18	150.10	188	168.50	202	12.3
1919	81	23,464,960	158.38	17.15	175.32	220	175.50	211	0.1
1920	72	21,668,445	200.88	20.15	220.90	275	225.00	270	2

Costs are in a condition of chaos, due to business demoralization, and with no business in sight to justify taking advantageous offerings of material. Resurrection of business

will advance prices of some items now offered at or below cost; but as labor is the basic cost of everything, no stability of cost can be expected until the still large body of labor is deflated.

The German paper wage schedule printed in the brief of the American Paper and Pulp Association shows that the American workmen receive $1 for the work for which the German workman receives 10 cents; and as, for comparison, the mark is taken at 2 cents, it follows that the exchange value of the mark must go to par before the labor cost of the American manufacturer is on a par with the labor cost of his German competitor.

HISTORY SINCE 1885.

Plants established (100 per cent), 27; plants discontinued (77.7 per cent), 21; plants survived (22.3 per cent), 6.

Domestic prices (per 100 pounds).

	High.	Low.	Average.		High.	Low.	Average.
1885			$27.00	1916	$11.50	$9.00	$11.60
1893			12.00	1917	16.80	14.00	15.30
1909 (Payne-Aldrich)			8.60	1918	18.75	14.90	16.85
1914 (Underwood)			7.80	1919	19.45	15.65	17.55
1915	$8.80	$8.00	8.33	1920	26.07	18.97	22.50

The inadequacy of the tariff is shown by the following typical example of "dumping" and unfair foreign competition. In 1910 the tariff on vegetable parchment was 2 cents per pound and 10 per cent ad valorem:

In 1910 Berlin manufacturers sold their product in Germany at, per 100 pounds		$9.00
To get the New York equivalent:		
Add inland and ocean freight, insurance, etc., a minimum of		.25
Add customs at 2 cents per pound, plus 10 per cent		2.90
Equivalent price delivered in New York or Pacific coast		12.15
In 1910 the same Berlin manufacturers sold "for export to America," delivered duty paid at New York		8.25
Making a "dumping" differential against America of 32 per cent, plus		3.90
Total		12.15
For Berlin equivalent of New York delivery at		8.25
Deduct ocean and inland freight	$0.25	
Customs duties at 25 per cent on $6.40 per 100 pounds	1.60	
		1.85
F. o. b. Berlin equivalent of f. o. b. New York price		6.40
To prevent Berlin "dumping" in America:		
To the Berlin equivalent of New York		6.40
Add freight and insurance		.25
The customs should have been 85.9 per cent on $6.40		5.50
Total		12.15

Moreover, the preferential through ocean/inland freights given by freight ocean lines favor foreign manufacturers as against inland freights, and a tariff effective to protect New York is ineffective to the extent of about 2 cents per pound at Pacific coast ports (in car lots) on account of high inland freights, all of the American manufacturers being located on the Atlantic coast and in the Middle West.

TARIFF.

The tariffs heretofore have been inadequate, as shown by the continual decline and the high mortality.

(1) The Payne-Aldrich 1909 classed genuine and imitation parchments together: Parchment, 2 cents per pound plus 10 per cent ad valorem, equivalent 33⅓ per cent; imitation parchment, 2 cents per pound plus 10 per cent ad valorem; greaseproof, 2 cents per pound plus 10 per cent ad valorem.

(2) The Underwood, 1913 (M 324), Act placed a lower rate on the genuine parchment than on its imitation: Parchment, 25 per cent; imitation parchment, 35 per cent; greaseproof, 35 per cent.

(3) The inadequate protection is shown by the fact that 77 per cent of the plants established went out of business; the domestic price fell rapidly and reached the lowest point under the act of 1909; and under pressure of German quotations an occasional dumping was kept at its minimum during the acts of 1909 and 1913, until it rose with rising costs in 1915; the tariff on parchment was reduced from the equivalent of 33⅓ per cent under act of 1909 to 25 per cent under act of 1913, while the tariff on the imitations, greater under the act of 1909, was again increased under the act of 1913.

(4) H. R. 7456 recognized in part the injustice of the Underwood tariff and in part corrected it by putting genuine and imitation parchment at the same duty rates, but entirely overlooked the fact that genuine parchment is a two-process product requiring two entirely separate plant investments, two sets of employees at over twice the labor cost, a heavy additional expenditure for chemicals for conversion, and a loss of 8 to 10 per cent in nonusable waste.

In the same part of paragraph 1305, H. R. 7456 recognized in other cases that an additional duty was due where additional labor or material was used in the conversion process, thus: Coated papers, 5 cents per pound; coated paper, embossed or printed, 5 cents per pound plus 15 per cent ad valorem; decorated papers, 4½ cents per pound; decorated papers, embossed or printed, 4½ cents per pound plus 17 per cent ad valorem; gummed papers, etc., unprinted, 5 cents per pound; cloth-lined or reinforced, 5 cents per pound plus 17 per cent ad valorem; wax paper, 3 cents per pound plus 13 per cent ad valorem; vegetable parchment paper, 3 cents per pound plus 13 per cent ad valorem; greaseproof paper, 3 cents per pound plus 13 per cent ad valorem; imitation parchment paper, 3 cents per pound plus 13 per cent ad valorem; parchment-supercalendered, 3 cents per pound plus 13 per cent ad valorem; bags, printed matter, etc., of foregoing, 5 cents per pound plus 20 per cent ad valorem.

Genuine parchment as a two-process paper is here incorrectly classified with one-process papers and should be separately classified and its duty fixed according to its character. It is a high-grade chemical product, much better than the purely physical process papers with which it is grouped.

PROPOSED DUTY IS PLAINLY INADEQUATE.

German:	
Present market	$0.13
H. R. 7456—specific duty	.02
H. R. 7456—ad valorem 13 per cent	.0169
Ocean freight and insurance, about	.0031
Total	.17
American:	
Present market	.19
American mills' disadvantage, 10 per cent	.02
Total	.17

The American mills can be placed on an equality with German manufacturers by raising H. R. 7456 proposed duty from 3 cents per pound and 13 per cent ad valorem to 5 cents per pound and 13 per cent ad valorem.

SUBMITTED.

The two processes involved—(1) papermaking, (2) conversion—justify an ample protection for the two manufacturing operations.

As a high-grade chemical double-process paper vegetable parchment is in a class distinct from all single-process commercial imitations, and, accordingly, should be separately classified in tariff legislation as it is the entire paper trade.

The unusable waste of 8 per cent to 10 per cent justifies a higher tariff for the genuine vegetable-parchment paper than for the imitations, which have usable waste and which can be "loaded" and adulterated.

The tariff on genuine vegetable parchment as a two-process paper, superior to its imitations, is entitled to a higher protection than the single-process substitutes, and in proportion to their relative values a duty of 2 cents a pound and 13 per cent on imitations sustains a duty of 5 cents per pound and 13 per cent on the genuine parchment.

American mills use only 62 per cent of their potential capacity in paper and 45 per cent in parchment.

Inadequate protection will increase the high mortality (now 77.7 per cent) in the industry; adequate protection will enable the full use of their potential capacities and enable them to compete with foreign manufacturers for the large export market previously held exclusively by Germany.

For 29 years the price fell steadily from 27 cents in 1885 to 7.80 cents in 1914. The highest profit, $15\frac{4}{10}$ per cent during the war, is the minimum to which any manufacturer is entitled in normal times and must have if industry is to expand or justify investment. The other war profits 4, 15, $12\frac{1}{3}$, one-tenth, and 2 per cent, show the perilous position of the industry without foreign competition. With it they will be reduced to the prewar struggle for mere existence—compelled to go on through inability to get out.

American mills with a present labor ratio of 10 to 1 in Germany can not survive.

The industry should be rescued from the depressed state in which it existed for 29 years under the fear of German imports.

The potential capacity which exceeds domestic consumption by 122 per cent is an assurance of vigorous domestic competition and must compel manufacturers to market that surplus by export.

A tariff of not less than 5 cents per pound and 13 per cent ad valorem, or its specific equivalent, should be laid, which will render it impossible to depress American industry or to dump German parchment on the American market.

German quotation kept domestic prices so low that importing was not profitable, consequently no loss of revenue to the Government will result from making a protective tariff on this article.

It is submitted that vegetable-parchment paper should be separately classified "vegetable-parchment paper," and that a duty of 5 cents per pound and 13 per cent ad valorem be imposed.

ADDENDA.

German wage scales are stated from official scales adopted by arbitration between employers' and employees' associations for the Hanover Group.

Originals of the American wage scales are on file in the office of the association and will be produced on request.

German workers are divided into four wage classes, the wages of which are in the ratio 100 to 93 to 87 to 80 for first, second, third, and fourth classes, respectively. Each class is divided into "minor" and "adult." The "minor" wage is about 80 per cent of the "adult" wage. For the purposes of this comparison, the wages for Class II for "adults" is taken as representative of the average, and in the American schedule, Zone III is taken, and the average between high and low are taken for the same reason.

Position.	Number of item on German list.	German wages, Class II, marks per hour.	German wages in cents at parity of exchange.	German wages in cents at exchange rate of 2 cents per mark.	American wages in cents per hour.
Pulp mill:					
Chipperman	16	3.45	82.11	6.9	40
Chipper keepers	46	3.65	86.87	7.3	52.5
Digester tender	43	3.65	86.87	7.3	58.5
Digester keepers	44	3.45	82.11	6.9	39
Wet-machine tenders	18	3.15	74.97	6.3	47.5
Bleachers	13	3.15	74.97	6.3	52.5
Machine tenders	39	3.30	78.54	6.6	52.5
Back tenders	27	3.15	74.97	6.3	39
Evaporator operator	46	3.65	86.87	7.3	51.5
Rotary-furnace tender	61	3.65	86.87	7.3	51
Liquor makers	45	3.65	86.87	7.3	63
Liquor helpers	47	3.65	86.87	7.3	39
Engineer	57	3.80	90.44	7.6	54.5
Janitor	62	3.15	74.97	6.3	31
Bleach plant:					
Lime and brine mixer	13	3.15	74.97	6.3	44.1
Evaporator operator	38	3.45	82.11	6.9	39.4
Rag room:					
Sorters (women)	66	1.90	45.22	3.8	31
Beater and washer room:					
Beater engineers	9	2.80	66.44	5.6	69.4
Beater helpers	10	2.60	61.88	5.2	48.9
Machine room:					
Machine tender	2	4.10	97.58	8.2	81.3
Back tender	7	3.25	77.35	6.5	60.6
Third hand	17	3.45	82.11	6.9	51.8
Size-making room:					
Size maker	12	3.15	74.97	6.3	51.5
Finishing department:					
Calender operator	19	3.45	82.11	6.9	56.6
Calender helpers	28	3.15	74.97	6.3	47.3
Cutters:					
Foremen	22	3.15	74.97	6.3	54
Helpers	24	3.15	74.97	6.3	46.9
Packing and shipping:					
Second hand	20	3.15	74.97	6.3	49.7
Case makers	21	3.15	74.97	6.3	53.6
Platform:					
Second hand	52	3.45	82.11	6.9	49
Power and repair department:					
Foreman	33	3.35	79.73	6.7	81.8
Engineers in charge	33	3.35	79.73	6.7	70.5
Engineers operating	33	3.35	79.73	6.7	65.9
Fireman	29	3.60	85.68	7.2	62
Assistant fireman	30	3.50	83.30	7	52.8
Furnace helpers	32	3.35	79.73	6.7	49
Machinists	73	3.50	83.30	7	66.3
Millwright helpers	78	3.15	74.97	6.3	53.6
Carpenter	73	3.50	83.30	7	66.2
Helpers	78	3.15	74.97	6.3	51.3
Blacksmith	73	3.50	83.30	7	59.1
Blacksmith helpers	78	3.15	74.97	6.3	42.7
Oilers	8	3.15	74.97	6.3	51.8
Mason	73	3.50	83.30	7	80.9
Night watchman	63	3.15	74.97	6.3	37.6

GLASSINE AND GREASEPROOF PAPERS.

The following statement is the argument of the Glassine and Greaseproof Manufacturers' Association for certain indicated changes in the Underwood tariff law. This is supplementary to the statement given in Appendix 5 in Special Report No. 2 of the American Paper and Pulp Association, entitled "Statement of Changes Desired in Schedule M of the Tariff Act of 1913." The figures in this argument have been brought down to date and are representative of conditions as of July 15, 1921. The difference between the figures given here and those given in February is due to the lowered cost of raw material and some reductions in labor costs.

This brief has reference to glassine and greaseproof papers, mentioned specially in lines 20, 21, 22, 23, 24, and 25 of paragraph 1305, page 140 of the tariff bill introduced in the United States Senate on July 22, 1921.

In order to identify glassine paper it should be explained that glassine paper is greaseproof paper with a supercalendered or specially finished surface.

The situation with reference to glassine and greaseproof paper in this country is such that unless adequate tariff protection is immediately given to the American manufacturers of this product it is a certainty they will be seriously crippled if not completely forced out of business. The total invested in this industry now exceeds $7,500,000 and the total production daily is 100 tons of these papers. The minimum average cost at which bleached greaseproof paper is manufactured in this country is $11.60 per 100 pounds, and for the bleached glassine paper it is $13.60 per 100 pounds. The items entering into the manufacture of greaseproof paper on an average for all manufacturers are, as of July 15, 1921, as follows:

Bleached sulphite-pulp basis:	
Cost of bleached sulphite pulp per 100 pounds	$6.00
Waste	.60
To convert to greaseproof	5.00
Total	11.60
For the glassine process, add per 100 pounds	2.00
Total for glassine	13.60
Unbleached sulphite-pulp basis:	
Cost of unbleached sulphite pulp per 100 pounds	4.00
Waste	.40
To convert to greaseproof	5.00
Total	9.40
For the glassine process, add per 100 pounds	2.00
Total for glassine	11.40

The above figures include only actual manufacturing expense, without considering cost of selling, administration expense, and profit.

In view of labor and industrial conditions in Germany, together with the extremely low valuation of the mark, imports of these papers from that country (because these papers come, principally, from that country) makes impossible any competition on the part of American manufacturers.

QUOTATIONS FROM LONDON.

Following are some actual quotations on greaseproof and glassine papers from London and Hamburg, which were made to a manufacturer in this association during May and July of this year (1921). The originals of these quotations are available and will be produced for your perusal on request.

James Spicer & Sons (Ltd.), of London, England, made the following quotations:

May 26, 1921: Unbleached and semibleached (greaseproof) paper, 5.46 cents per pound; glazed, transparent paper (glassine), according to grade, 9.6, 10, 11.7, and 12.48 cents per pound.

July 20, 1921: Bleached glassine—No. 1, 10.4 cents per pound; No. 2, 7.75 cents per pound. Greaseproof (f. o. b. London)—No. 1, 6 cents per pound.

QUOTATIONS FROM GERMANY.

July 15, 1921:

Hamburg—Eighteen and one-half pound No. 1 white bleached glassine f. o. b. dock New York, plus 2 per cent for baling, 11 cents per pound.

The Germania Importing Co. of New York—Bleached glassine (f. o. b. Hamburg), No. 1, 8 cents per pound; No. 2, 7 cents per pound.

Same grades, American make, sell for 16 cents and 15 cents per pound, respectively.

MINIMUM RATE OF DUTY.

Our suggestion is that the minimum reasonable protection for American manufacturers of these papers is a tariff duty at the rate of 3 cents per pound plus an ad valorem duty of 13 per cent based on American valuation. We are sincere in the statement that the change suggested is the minimum change which should be considered if the American greaseproof and glassine paper industry is not to be seriously

crippled. The question of correct valuation and adequate protection is the very life of the industry, and we beg that this be placed before the Finance Committee of the United States with all possible emphasis, for the industry has been operating on the most economic basis possible. The margin of profit upon which American manufacturers have been operating has been and is exceedingly narrow.

DEFINITION OF GLASSINE AND GREASEPROOF PAPER.

This association requests that if possible the fifth paragraph on page 505 of the Summary of Tariff Information of 1920 be amended so as to read as follows:

"Greaseproof paper and greaseproof papers, which have been supercalendered and rendered transparent, or partially so, known as glassine papers, are used for wrapping all kinds of meats, bacon, ham, cheese, etc., tobacco, chocolate, confectionery bottles, for outside wrappers, for packages containing foodstuffs, for electrical purposes, etc."

This brief is supported by the following manufacturers of greaseproof and glassine papers: Diamond State Fibre Co., Bridgeport, Pa.; Hamersley Manufacturing Co., New York City, N. Y.; Mountain Mill Paper Co., Lee, Mass.; Rhinelander Paper Co., Rhinelander, Wis.; Warren Manufacturing Co., New York City, N. Y.; Warren Parchment Co., Dexter, N. Y.; Westfield River Paper Co., Russell, Mass.

GUMMED PAPER AND DECALCOMANIA, NOT PRINTED.

In our brief, which was submitted to the Ways and Means Committee of the House of Representatives, we pointed out that gummed papers had never been specially provided for, and that under the tariff act of 1909 they carried a specific duty under the ruling of the Government of 5 cents per pound.

The Underwood tariff act of 1913 specially provided for gummed papers and carried an ad valorem duty of only 35 per cent. We pointed out in our brief that this was not sufficient to give the American manufacturers the protection they should have had and to which they were justly entitled, and further showed that the war, which followed closely after the enactment of the 1913 tariff bill, prevented the importation into our country of any gummed paper, and this was the only thing that prevented disaster to the manufacturers of gummed paper in this country.

By the same token the war has brought about a great many radical changes in the industries of our country, and if Congress does not grant us adequate protection our industry will suffer greatly through unfair competition from foreign manufacturers.

We do not ask Congress to put a prohibitive tariff on gummed papers, and when we asked for a specific duty of 6 cents per pound and 30 per cent ad valorem we only asked what would be a protective tariff sufficient to make the necessary adjustment between the low cost of production in foreign countries as against the cost of production in the United States.

For instance, we note below the great difference in the wage scales existing between those prevailing in our own country and abroad. The foreign scale has been figured on the present rate of exchange.

Paper-mill workers' comparative wages per hour in Germany and in America.

[Per week.]

	England.	Germany.	United States.
Gummer	$17.50	$3.50	$37.00
Calenderman	14.00	3.50	34.00
Cutter	15.15	3.50	31.00

In the tariff bill H. R. 7456 (Fordney tariff bill), which passed the House of Representatives July 21, gummed papers, including decalcomania paper not printed, were included in paragraph 1305, page 150, line 2, and a specific duty of 5 cents per pound was provided. We respectfully point out that this specific duty of 5 cents per pound is equivalent to 31 per cent ad valorem, which is a lower rate than was given gummed papers in the Underwood tariff act of 1913, which carried a rate of 35 per cent ad valorem and which was absolutely inadequate protection.

The specific rate of 5 cents per pound in the Payne-Aldrich bill gave protection which was adequate at that time. Prior to 1909 there were but two or three plants manufacturing gummed paper in the United States, as the bulk consumed here was imported from Germany and Great Britain. Fostered in the beginning by the Payne-Aldrich tariff, and later by the force of circumstances brought about by the war which prevented importation, the number of manufacturing plants has increased. The specific 5 cents per pound rate in the Payne-Aldrich bill, which in reality created a new industry in this country, will in the Fordney bill, due entirely to the radically changed conditions, deal a severe blow to a still young industry and defeat the very purpose Congress has in mind, viz, that of reasonably protecting industry.

The actual results from a 5 cents per pound specific rate, and without an additional ad valorem rate, as provided for in the Fordney bill, are as follows:

	Great Britain c. i. f. New York.	Germany c. i. f. New York.	American valuation.
Per ream (weight 22 pounds)	$3.00	$2.00	.....
Fordney specific duty: 22 pounds at 5 cents per pound	1.10	1.10	.....
	4.10	3.10	$4.00
The rate asked for:			
1 cent additional specific	.22	.22	.....
30 per cent ad valorem	.90	.60	.....
	5.22	3.92	4.00

In the above figures we have taken the grade which is the largest seller. In addition to this there are numerous other grades involved on which the disadvantage to which the United States manufacturer would be put is even greater than shown in the example above.

In the case of decalcomania paper the tariff of 5 cents per pound specified in the Fordney bill works out to even greater disadvantage, as is shown by the following schedule. The reason for this is because the labor involved in the manufacture of decalcomania is a much greater portion of its cost and there is such a vast difference between the labor rates in this country and those of foreign countries.

	United States.	Germany c. i. f.
Per ream of 500 sheets weighing 125 pounds	$24.00	$9.00
Fordney specific duty: 125 pounds at 5 cents per pound	.....	6.25
The rate asked for:		
1 cent additional specific	.....	1.25
30 per cent ad valorem	.....	2.70
	24.00	19.20

While the above schedule shows that the rate asked for does not provide protection at present, we point out that the industry has only been carried on in this country since 1916, and the manufacturers of decalcomania paper aim to reduce their costs and believe that the same can be done as further experience will be gained with the growth of the industry under a protective tariff.

We respectfully urge that the Senate Finance Committee give this matter their careful consideration and insert in the present tariff bill "Gummed papers and decalcomania paper not printed" 6 cents per pound and 30 per cent ad valorem before the bill goes to conference, because the bill as it stands at present is equivalent to only 31 per cent ad valorem or less than the Underwood tariff bill of 1913, which would have put this young industry out of business, as we have clearly set forth in the above facts.

Based on the American valuation plan, a specific duty would give us very little protection, as pointed out in our brief, and if the American valuation plan is adopted we respectfully request that a tariff of 50 per cent ad valorem on gummed paper and decalcomania, not printed, be granted, and we illustrate below just why we make a request for a 50 per cent ad valorem rate:

	Germany c. i. f. New York.	American valuation.		Germany c. i. f. New York.	American valuation.
Regular gummed paper...	$2.00	$4.00	Decalcomania paper.....	$9.00	$24.00
50 per cent on $4.....	2.00	.....	50 per cent on $24.....	12.00	.....
	4.00	4.00		21.00	24.00

WRAPPING PAPER.

Under the Fordney bill, H. R. 7456, paragraph 1309 provides for a duty on wrapping paper, not specially provided for, of 23 per cent ad valorem. The manufacturers of wrapping paper do not consider that this rate provides adequate protection, and respectfully request that the rate be raised to 30 per cent ad valorem, and in support of their claim have prepared the following brief:

Experience in the past has demonstrated that the price of imported wrapping paper c. i. f. Atlantic ports is from 65 per cent to 70 per cent of the market price of similar papers of American manufacture. At the present time, however, foreign wrapping paper is freely offered c. i. f. New York at 56 per cent of the American market price for similar papers. Under the American valuation plan as proposed in the Fordney bill the rate of 30 per cent which we ask for still leaves a margin of price in favor of the foreign manufacturers. The American manufacturers accept this as a temporary condition and one which can not be properly provided for at this time. They do claim, however, that they are entitled under normal conditions to a rate of duty which will properly represent the difference in the normal cost of manufacture abroad and in this country. We presume that it is not the intention of Congress to give the foreign manufacturer an advantage, and the American manufacturers only ask that they be put on an equal footing and do not expect to ask for such a rate as will create a barrier against all foreign importations. Foreign kraft paper at the present time is being freely offered c. i. f. Atlantic ports for $67 per ton, and the American price for a similar paper is $120 per ton. A duty of 30 per cent based on the American valuation plan, which we request, would be $36 per ton, which makes the foreign paper cost the importer, duty paid, $103 per ton and gives the foreigner an advantage of $17 per ton over the American selling price. It is expected, however, that in the not distant future the foreign price will advance, and when it reaches $84 per ton the rate of 30 per cent on the American valuation plan, or $36 per ton, will equalize the domestic and foreign prices. As stated above, until the price of imported papers advances the foreign competitor still has a great advantage over the American manufacturer.

In the above example we have referred to kraft paper as distinguished from other grades of wrapping paper for the reason that kraft is standard wrapping paper of this country and can be used for every wrapping purpose, and therefore the other grades of wrapping paper rise and fall in price with the fluctuations in the price of kraft. We have also referred to kraft, as the importations of wrapping paper are mostly that grade.

The wrapping-paper mills in this country produced in 1920 1,043,812 tons, or a daily average capacity of approximately 3,500 tons, with an investment on a basis of prewar costs of over $80,000,000, and they feel they are justified in asking what is a reasonable protection for their industry and their 35,000 employees. The average rate of paper-mill labor in Germany to-day is approximately 54 cents in American money, which is about one-sixth of what the paper mills of this country are paying for similar work. Based on the price at which spruce pulp wood from Finland is being offered at the Atlantic seaports, the German manufacturers can buy their supply of raw material from that country at a price of less than two-thirds of the cost of the American manufacturers.

In view of the conditions as stated above, the wrapping paper manufacturers feel they are well within the limits of moderation in making their request for a rate of 30 per cent.

BOOK PAPER.

[Paragraph 1301.]

STATEMENT OF GRELLET COLLINS, PHILADELPHIA, PA., REPRESENTING THE BOOK PAPER MANUFACTURERS' ASSOCIATION.

The CHAIRMAN. Please state your full name.

Mr. COLLINS. Grellet Collins.

The CHAIRMAN. Where do you reside?

Mr. COLLINS. Philadelphia, Pa.

The CHAIRMAN. What is your occupation?

Mr. COLLINS. I am president of Dill & Collins Co., Philadelphia, Pa. I have also the honor to be president of the Book Paper Manufacturers' Association.

The CHAIRMAN. Very well, sir.

Senator WALSH. In what paragraph are you interested?

Mr. COLLINS. I am interested in paragraph 1301.

We ask for one-half cent a pound and 10 per cent ad valorem. Under the Fordney bill, when it was finally passed, they made it one-quarter of a cent per pound and 10 per cent ad valorem.

The CHAIRMAN. You are asking for how much?

Mr. COLLINS. One-half cent per pound. Under the present bill with one-quarter of a cent per pound it makes only $9 a ton. The average price of book paper is about $150. We state in our brief that under present conditions of exchange no tariff will protect us. We would have to have something like the American valuation, whatever that is.

Senator WALSH. From what country does book paper come into this country?

Mr. COLLINS. From Scandinavia and from Germany. A little comes in from England.

Senator WALSH. None from Canada?

Mr. COLLINS. We do not object to that.

Senator WALSH. The cost of production is about the same up there, is it not?

Mr. COLLINS. Yes, sir.

Now, I can give you a lot of figures, but as you want us to be brief, I shall not burden you with them.

The CHAIRMAN. If there are any figures which you think the committee ought to have, you may put them in the record and have them printed. Of course, we do not want to print unnecessary material, but anything that is necessary may be printed.

Mr. COLLINS. This is only to tell you the condition of the trade. During this year we have run about 60 per cent and we have only produced 32 per cent of the value that we did in 1920. Our statisticians tell us that there is enough book-paper capacity in the country to supply all needs until 1928. The increase in consumption is about 8 per cent per year, so that we need all the trade in this country that we can get. The past year has been about the worst year the book-paper business has ever known. My company's product has shrunken 58 per cent.

Senator WALSH. Is that shrinkage due to general depression or to exportation from other countries?

Mr. COLLINS. Partly to the general depression.

Senator WALSH. Have there been large importations?

Mr. COLLINS. No; but there have been disquieting quotations. I have one from Belgium that is 50 per cent less than our own cost price. It costs no more to get a shipment from London or Belgium than it does from Philadelphia to New York. The duty is necessary to our industry. Germany has a large capacity for producing book paper.

Senator WALSH. In addition to the general depression, you fear importations of book paper?

Mr. COLLINS. Yes; they are getting ready to bring it in.

I want to emphasize the necessity for some protection besides any duty that can be put on, because nothing that you can name would offset the exchange. That is all, I think.

BOX BOARD.

[Paragraph 1302.]

STATEMENT OF CHARLES R. WHITE, WASHINGTON, D. C., REPRESENTING MANUFACTURERS OF BOX BOARD AND PAPER BOARD.

Mr. WHITE. I will try to follow the example of those who preceded me and be just as brief as possible.

The CHAIRMAN. You will accomplish just as much.

Mr. WHITE. I live in Washington, and I represent two trade associations composed of manufacturers of box boards, paper boards. That is the material from which all these paper boxes are made which you have seen in every store you were ever in.

The House committee gave us 10 per cent ad valorem on all of our grades, except one. We asked for 25 per cent.

I should say here that up to the time of the making of this tariff bill we have never appeared before a tariff committee asking for protection. Formerly we had 5 per cent. Recently competitive conditions have arisen in Canada, where they have the raw material, and to some extent in Europe, that have made it necessary for us to ask additional protection.

The amount given us in terms as interpreted in dollars would run between $3.50 and $12 per ton. We think that the House committee rather overlooked our rights on the question of dealing with this subject of paper, because a good many of those high-grade papers, those which you heard spoken of here, they gave them from 3 to 17 cents a pound, which, interpreted in dollars, is anywhere from $60 to $300 a ton, while we get $3.50 up to $10 or $12.

Now, the reason that the Committee on Ways and Means took that position was that ours was a low-grade product, and that we control a certain part of our raw material here and our relative labor costs were not as high as those of these high-grade papers. Just the reverse of that is true. In a very important sense, we do not control our raw material, because Canada is one of those that have the forests of the world that we must depend on for our pulp. Secondly, the ratio of our labor cost is as high or higher than any other grade of paper that has been mentioned here. The wages paid in our mills are just as high as in any mills in the Holyoke, Mass., district, or any other New England mills.

Senator LA FOLLETTE. Is your paper what is known in the trade as "box paper?"

Mr. WHITE. Box board.

Senator LA FOLLETTE. Box board?

Mr. WHITE. Yes, sir; for the making of paper boxes.

Senator LA FOLLETTE. What quantity of that is produced in this country?

Mr. WHITE. About 2,000,000 tons.

Senator LA FOLLETTE. About 2,000,000 tons?

Mr. WHITE. Yes, sir. It is one of the largest branches of the paper industry.

Our labor in our mills is paid practically the same schedule as in all other paper mills in the country. With the low character of our product, the low prices, it can be seen that our labor bears a very much more important ratio to our cost of production than in the case of these high-grade papers.

Senator LA FOLLETTE. Do you know how much of that paper was imported into this country last year?

Mr. WHITE. About 50,000 tons in 1920; 50,000 or 60,000 tons. On the valuation of the 1920 price, I would say somewhere between $4,500,000 and $5,000,000 of that product.

Senator WATSON. From where?

Mr. WHITE. Canada, Germany, Holland, Belgium; chiefly from Canada.

Senator LA FOLLETTE. What quantity?

Mr. WHITE. I think somewhere in the neighborhood of 50,000 tons for 1920. I don't recall the figures of the Tariff Commission. Those gentlemen called at my offices and we figured it up, but I think there were some 30,000-odd tons of one grade, known as the test board in rolls. The selling price of that was about $100 or $125 a ton.

Our threat, as I say, comes chiefly from Canada. Canada has the timber. They make these pulps there. This paper board is largely made in those mills as a by-product. In order to get what is known as kraft pulp for these high-grade boards we must get the pulp from Canada or Scandinavia. The mills in this country do not make enough to supply one-fourth of the demand. We must get that pulp and sell that board against the Canadian manufacturer, who can deliver it in Boston or New York, or other common points, at a much less freight rate than we can.

Furthermore, the freight rate on box board from Hamburg, Germany, Holland, or Belgium, is such that it can be delivered at the eastern seaboard for $6 a ton. It costs us $9.50 to deliver a ton of box board from Illinois or Wisconsin onto the New York market. They have an advantage of $3.50 on freight rates alone. We hope that situation will be remedied, but that is the extent of it as we find it.

Now, we do not want a prohibitive rate. We have never asked for any protection before. I have been representing these mills for 14 years, and we passed by the tariff hearings in the Payne-Aldrich bill and in the Underwood bill and asked for nothing, because we felt we could take care of ourselves. The conditions at present are such that we can not do it, unless we are going to give this business to Canada. Our theory is that this committee or the framers of this bill want to reasonably protect this industry.

Senator WATSON. What is the difference between here and Canada, in cheapness of labor and raw material?

Mr. WHITE. They have the raw material. We have to get it from them. They have the forests. The English law does not permit them to export over here wood from the Canadian Crown lands, so we have to go there for the pulp.

It does seem that 50,000 or 60,000 tons against 2,000,000 tons is a great disparity. It does not amount to much, but everybody in the trade knows that a single carload of a commodity like that sold on the New York market will fix the price on 50 carloads for that week or that month.

Those boards are affecting our market, and we come before this committee without any apology, but asking protection, and we think we ought to have it.

Senator LA FOLLETTE. The Treasury expert just handed me a slip stating that the imports of box board in 1920 were 2,764 tons, instead of 50,000 tons.

Mr. WHITE. Senator, that comes about because there were about 20 different names for that stuff in the old tariff, but the total importations were something like 48,000 or 50,000 tons.

Senator LA FOLLETTE. It is the only thing that pays 5 per cent.

Mr. WHITE. That is a mistake. The schedule contains paper board, pulp board, card board, all kinds of names. There might not have been but 2,000 tons admitted as box board.

Senator LA FOLLETTE. This is the total amount admitted. There were 5,000,000 pounds of it, which would figure out that many tons.

Mr. WHITE. It is a mistake. The Tariff Commission submitted to Mr. Treadway, the chairman of that committee, figures which show there were upward of 45,000 tons.

Senator LA FOLLETTE. The Tariff Commission had to get their information from these records kept by the Treasury Department.

Mr. WHITE. I know, Senator, but they have only one name here—"box board." That product has a dozen different trade names—test board, paper board, wood paper board, Jacquard board, cardboard. You would have to include the whole list to get the figures.

Senator LA FOLLETTE. I know, but all the paper grouped under this paragraph in this statement that paid 5 per cent duty totaled only 2,000 tons or a little over.

Mr. WHITE. I don't understand how that is. All of our boards under the other tariff only paid 5 per cent.

Senator LA FOLLETTE. That is what I say.

Mr. WHITE. It started in here under different trade names.

Senator LA FOLLETTE. It paid 5 per cent duty?

Mr. WHITE. Yes, sir.

Senator LA FOLLETTE. And everything that paid 5 per cent duty is grouped in the Treasury statement, and the total tonnage was only 2,764.

Mr. WHITE. That is an error, sir. It is an absurdity, in fact.

Senator LA FOLLETTE. I do not see how we have any means of knowing whether your statement is in error or this statement.

Mr. WHITE. The Tariff Commission can inform you.

Senator LA FOLLETTE. They know no more about it than the Treasury Department. There is where they get their information. They can not make these figures over.

Mr. WHITE. Senator, I say in a brief which I filed before the House committee, one page of which is devoted to the question of the confusion of these trade names, resulting in misunderstanding of the application of these duties, just how that came about. You will find it on the last page of this brief, covering this very subject. There were upward of 48,000 tons imported in here last year. I will see that that misunderstanding is corrected.

Senator SMOOT. Fifty thousand tons is only one-fourth of the amount.

Senator LA FOLLETTE. Yes; it is a mere bagatelle.

Mr. WHITE. I will admit that. It is not a bagatelle so far as the effect on our market is concerned.

Senator LA FOLLETTE. Do you want a duty that will remove wholly the effect of competition?

Mr. WHITE. No, sir; we do not.

Senator LA FOLLETTE. Do you want a prohibitive duty?

Mr. WHITE. No, sir; we have the lowest duty of any article in the entire paper schedule.

Senator LA FOLLETTE. I understand that.

Mr. WHITE. We would like to have the duty equalized.

Senator LA FOLLETTE. Does that not have some reference to the character of the product?

Mr. WHITE. We would like to have a duty equal to 1 cent a pound, if that is specific enough. Most of these papers have duties ranging as high as 10 cents a pound. One cent a pound will avoid any misunderstanding or confusion in the event the American valuation plan is adopted. If we had a specific duty of 1 cent a pound, it would answer all purposes.

Senator LA FOLLETTE. What is the wholesale price of your product at this time?

Mr. WHITE. From $32.50 to $80 per ton.

Senator LA FOLLETTE. How much per pound—1½ to 4 cents?

Mr. WHITE. Oh, no. At present we are given a duty ranging from $3.50 to $10, and we think 1 cent a pound is not too much, if you are going to protect us. That is the point. That is what we are asking for. That is what this bill is for, as we understand it.

Senator MCLEAN. What is the condition of your business?

Mr. WHITE. Very bad. In the year 1921 our mills did not run to exceed 65 per cent capacity. I speak for 70 mills, which in the year 1920 paid the United States Government over $12,000,000 in excess profits, and for the year 1921 they will not pay a cent, not a dime.

Senator LA FOLLETTE. You made enough profit in the previous years so you can afford a bad year.

Mr. WHITE. We did make some profit. We admit that.

Senator MCLEAN. How do your prices now compare with the peak prices?

Mr. WHITE. I intended to refer to that. For plain strawboard it varied up to October, 1920, for two years and a half, but around $100 a ton. To-day that same commodity is sold for $35 a ton. We have not only been deflated, but we have been torn all to pieces. Our goods are now being sold on the 1913 basis.

Senator MCLEAN. About how many hands do you employ?

Mr. WHITE. The entire industry, I should say, employs about 150,000.

Senator McLEAN. I presume that is all in your brief?

Mr. WHITE. Yes, sir. This deflation with us has not been going on only the last month or two. Immediately after the war we hit the bottom, and hit it hard. The public has been getting our goods for more than a year at cost or less.

BEAVER BOARD AND PULPBOARD.

[Paragraphs 1302 and 1610.]

STATEMENT OF W. F. MacGLASHAN, PRESIDENT OF THE BEAVER BOARD CO., BUFFALO, N. Y.

The CHAIRMAN. It appears that you desire to speak on the same subject Mr. White has just spoken on.

Mr. MACGLASHAN. Yes, sir.

The CHAIRMAN. What is the good of doubling on the committee?

Mr. MACGLASHAN. I shall talk from an entirely different angle, and ask for our product to be taken from paragraph 1302.

The CHAIRMAN. What do you ask?

Mr. MACGLASHAN. We ask that the duty be taken off our product, which is a building-material product, in competition with lath and lumber. The plants were built in Canada under the Payne-Aldrich Act, on which there was a duty. At that time lumber was subject to a duty of from 50 cents to $1.50 per thousand feet.

Senator WATSON. What is your product?

Mr. MACGLASHAN. Beaver board.

The CHAIRMAN. In the interest of the building trades, you are asking for the free list?

Mr. MACGLASHAN. Yes, sir.

The CHAIRMAN. All right. How long will you occupy?

Mr. MACGLASHAN. Just a few moments.

The CHAIRMAN. Very well. You may proceed.

Mr. MACGLASHAN. Paragraph 1302 of the tariff bill passed by the House of Representatives imposes a duty of 10 per cent ad valorem upon "paper board and pulpboard, including cardboard, leather board, or compressed leather not laminated, glazed, coated, lined, embossed, printed, decorated, or ornamented in any manner, nor cut to shapes for boxes or other articles and not specially provided for."

That there may not by accident be a miscarriage in respect to the intent of this paragraph we feel it important to call to the committee's attention one form of wood-pulp material which is not paper board nor cardboard nor box material, but a raw material for the manufacture of wall board, a material used in building construction. It is made of wood pulp produced from timber cut from Canadian forests. This pulp is produced in our own American-owned mills in Canada, is formed into rolls and shipped to our mills in Buffalo for conversion into building material for walls, ceilings, partitions, etc., of character most usable, permitting of quick and ready application.

The thin sheet before you is a sample of the pulpboard in the form in which it is imported in large rolls from Canada. The thicker samples are cut from the finished product of our Buffalo mills.

Under the Payne-Aldrich Act our pulpboard products were admitted free of duty. Under the act of 1913, paragraph 320, "pulp-

board in rolls, not laminated," which was the language used to describe our imported raw material, was subjected to a duty of 5 per cent ad valorem. The present House bill includes in paragraph 1302 products which were covered by several paragraphs in the act of 1913. It was clearly the intent of the Committee on Ways and Means to consolidate in paragraph 1302 all materials intended for use in the manufacture of box board, but inadvertently, we believe, the language used includes under the general designation "pulpboard" our product, which is used for an entirely different purpose; namely, building construction, and which does not enter into competition with box board in any manner whatsoever.

We respectfully request your honorable committee to correct this and to except from the provision of paragraph 1302 "pulpboard in rolls for use in the manufacture of wall board" and place this important class of building material on the free list in the same class with lumber and laths, which are used for the same purpose.

To accomplish this we respectfully submit the following amendments:

In paragraph 1302, following the words "not specifically provided for," insert the following:

Except pulpboard in rolls for use in the manufacture of wall board.

Also, in paragraph 1610, following the word "bleached," insert the following:

Including pulpboard in rolls for use in the manufacture of wall board.

We are asking for free importation for the following reasons: Wall board is extensively used in the building industry in all parts of this country, because it is a practical, convenient material which can be quickly applied with inexperienced labor. It is essential to the relief of the housing shortage. Approximately 85 per cent of wood-pulp wall board is used for repairs, alterations, additions, etc. It is not a material used for expensive classes of homes, but is especially adapted for economical repair work, alterations, additions, etc., of moderate-priced homes, cottages, and bungalows. We estimate that 75 per cent of wood-pulp board is used for home construction. A large proportion of our output is sold in the smaller communities and has proven a great convenience to farmers and those living in the rural districts, by reason of the fact that it can be handled, used, transported, and applied easily.

Senator CALDER. It is used in lieu of lath and plaster?

Mr. MACGLASHAN. It is used in lieu of lath and plaster—all interior decorations.

Senator CALDER. And papered over?

Mr. MACGLASHAN. It is generally painted.

Senator CALDER. Does your statement give the amount of the product sold in this country during recent years?

Mr. MACGLASHAN. Yes, sir. The production of wall board last year amounted to a little in excess of a billion feet.

Senator CALDER. What year?

Mr. MACGLASHAN. 1920.

Senator CALDER. That was a big year.

Mr. MACGLASHAN. Yes, sir. These beaver-board companies were the poineers. They started this industry in 1906 and the business has grown every year since.

Senator CALDER. How much of that billion feet was made in this country?

Mr. MACGLASHAN. All of the billion feet. That is practically all made in this country. We are speaking from the standpoint of the American manufacturer. We only get from Canada our raw material in the form of the fiber.

Senator CALDER. Then there is but little or no importation?

Mr. MACGLASHAN. No. I might say, touching upon Mr. White's statement—and I think it will clear this up, in the light of the figures you have, Senator La Follette—that the 50,000 tons to which Mr. White referred, our record and an examination of the Treasury report show that the exact figures were 43,000 tons, and of these 43,000 tons the beaver-board companies imported 37,000 tons, or 84 per cent of the total.

Senator LA FOLLETTE. Does that come in competition with the box board?

Mr. MACGLASHAN. Not a pound of it.

Senator LA FOLLETTE. That is just what I thought. That is not in competition with box board.

Mr. MACGLASHAN. Not a bit.

Senator LA FOLLETTE. And that is the great bulk of that importation?

Mr. MACGLASHAN. Yes. I might say of the remaining 16 per cent, it is our belief that a large percentage or practically all of that material has been used by other manufacturers of wall board who obtain their raw material from Canada.

The second reason we are asking for this protection is for the conservation of American pulp-producing forests, rapidly being exhausted. This raw material should be placed on the free list. From 30 to 35 acres per day of Canadian forests are now being denuded to furnish the wood pulp imported into this country for the manufacture of wall board. We feel that the use of the Canadian raw material does not take away from American labor any more work than is necessary to produce the pulp shipped in here in lapped form, for the total price that we pay for the labor in Canada in putting this into rolls does not exceed $5 a ton, because there is no handling of that material when it passes in at one end or comes in rolled form at the other end.

The third reason we are asking for this protection is that the free importation of this raw material or semifinished raw material for the manufacture of wall board will not injure any American industry. Our competitors using the same class of material either have their own water power and timber limits in this country and are now underselling us or else import their raw material from Canada as we do.

Senator CALDER. You ask for free raw material?

Mr. MACGLASHAN. Yes, sir.

Senator CALDER. And then you ask for an increased duty on your own product?

Mr. MACGLASHAN. No, sir; we are not asking that.

Senator SMOOT. He is asking that his product may be free.

Senator CALDER. You are asking to leave the duty as it is now on your own product?

Mr. MACGLASHAN. So far as the duty on our own product is concerned, that has not been a factor. As referred to by Senator La Follette, approximately 2,000 tons of box board have come in here. The industry Mr. White refers to he has been secretary of for 14 years, and they have never asked for a protective tariff.

The small revenue produced by the present duty does not offset the benefits outlined.

The domestic supply of raw material is inadequate; when we started our business in 1906 we found that it was necessary for us to secure our supply of wood pulp in rolls from Canada and immediately made an arrangement with a large Canadian mill. It was impossible for us to secure such supply from United States mills, as they could not manufacture such a product on a basis that would enable us to compete with other materials used for wall and ceiling covering.

The Canadian mill is necessary, as the increase in our business necessitated the building of a mill in Canada to supply our requirements, and construction of new plant was started in 1912 under the Payne-Aldrich Act, when our raw material came in free of duty and at a time when lumber was taxed at from 50 cents to $1.25 per thousand feet and laths were taxed at 20 cents a thousand. Under the act of 1913 there was a duty of 5 per cent placed on wood-pulp board in rolls and lumber and laths were put on the free list.

While this duty was a handicap, it was not as serious as it will be in the future, owing to the fact that from 1913 on during the war and up to the latter part of last year the cost or price of a commodity was not so important as ability to make delivery. Intense competition was not a factor. We are now, however, going through the period of readjustment and face years of keen competition, and a duty on our raw material will not only seriously handicap us, but will also be a factor in increasing the price of wall board to the American home builder. We can compete in quality but not in price with American manufacturers who have their own water power and timber limits in this country or who use raw materials other than wood pulp.

Senator CALDER. To what extent has the price of your product to the consumer increased during recent years?

Mr. MACGLASHAN. During the prewar period the price was about $24 a thousand square feet. For a period of only a month did that reach $48 a thousand square feet. It is now back to $28 a thousand square feet. That increased cost was made up very largely, of course, of the increased cost of labor and freight charges and coal and material that we had to buy.

Senator CALDER. So the price to-day is $28 as against $24 prewar?

Mr. MACGLASHAN. Yes, sir; $28 to-day as against $24 during the prewar period. We have improved the quality of our product. In 1909 we were selling for less than that, but it was a different product.

Senator CALDER. Do you sell direct to the builder?

Mr. MACGLASHAN. To the lumber dealer.

Senator MCLEAN. Do you know what commission he has to pay?

Mr. MACGLASHAN. That varies. We aim to keep that charge as low as possible, so as not to interfere with our sales.

Senator MCLEAN. What is the retail price?

Mr. MACGLASHAN. From 3½ to 4 cents. I will be very glad to cover that in my brief.

The only request for protection was made by the box-board manufacturers. The only people who have appeared in behalf of an increase in duty are the box-board manufacturers, as represented by their trade secretary, Mr. Charles R. White. Mr. White states that heretofore competition with European countries, or any other country, has not been a matter of serious moment and that his appearance before the Ways and Means Committee earlier in the year was the first time, to his knowledge, that representatives of any box-board industry had appeared asking for a protective tariff. The brief submitted by the secretary is clearly directed in the interests of the manufacture of pulpboard used in the making of boxes. Only once does it refer to the uses of pulpboard outside of boxes. These uses are merely enumerated, and no appeal is made for them.

Referring to imports in 1920 in his brief, Mr. White states that during 1920 Canada sold in the United States upward of 50,000 tons of boards, giving the impression that this was in competition with the box-board manufacturers. Our examination of the Treasury report shows that the exact amount reported was 43,000 tons instead of 50,000. Of this quantity the beaver-board companies imported from their American-owned mills approximately 37,000 tons, or 84 per cent, of this total, and it is our belief that practically all of the balance was imported by other wall-board manufacturers.

There has been no foreign competition in the past. The box-board manufacturers admit that they have had no concern over box-board importations in the past. We conceive that their only object in bringing up the question of an increased tariff at this time is in anticipation of possible competition from the Scandinavian countries or from Germany. We also are manufacturers of box board through our ownership of the Tonawanda Board & Paper Co., one of the large mills of the country, having an output of approximately 35,000 tons per annum. Accordingly, we are just as much interested in the welfare of the box-board industry as any member of the association that is asking for this tariff. It is possible for box board, which is dense and tough, to be economically packed and shipped for delivery in this country. This, however, is not true of loose-formed ground wood or pulp suitable for the manufacture of wall board. This material must be put up in large rolls in excess of 8 feet in length, 4 feet in diameter, weight from 1 to 1½ tons per roll, and these rolls must be thoroughly protected by strong wooden headers on each end fastened with a tie rod, and surface amply protected for steamship shipment, which extra expense will act as a protection. Furthermore, it is more practicable for the foreign mills to manufacture board in competition with the higher grade and higher priced boards than to attempt to compete in the class of material suitable for wall board.

Referring to comparative labor costs, one of the principal reasons for a protective tariff, as we understand it, is to protect American industry and labor from competition or low-priced foreign labor. There certainly can be no fear of such competition from Canada, where the labor rates are comparable with American labor rates. Comparison of our own pay rolls in our Canadian and American mills shows that the rate is a little higher in Canada than in the States.

It is necessary for the United States to look to Canada for its supply of ground wood as there is only a limited supply in this country

and what pulp-wood timber we do have is being rapidly consumed. The amount of money that we pay Canadian labor for bringing in ground wood in rolls is no greater than that required to bring in ground wood in lap form for use in combination with other pulps in this country. Under our process of manufacture the material is not handled from the time the log is placed in the grinder to the time the pulp comes out in large rolls at the end of the machines and hence the labor cost amounts to only $5 per ton.

The placing of a duty on wood pulp in rolls for use in the manufacture of wall board will, we believe, increase the price of wall board to the American public. It would mean a serious handicap to the beaver board companies and reduce the quantity of pulp imported to an extent which might force the use of raw materials now being used by the box-board manufacturers. This would in turn increase the price of their raw material, because prices have always been governed on the basis of supply and demand. Mr. White has stated that 85 per cent of the materials used by box manufacturers are old papers. There is no competition from Canada in this class of material, as the price of old paper is higher in Canada than in the States and has always been so. He also states that the remaining 15 per cent of the raw material used by box-board manufacturers is made up of sulphite, sulphate, and ground wood. It is our opinion that considerable less than 5 per cent consists of ground wood. Inasmuch as these mills are able to obtain this small percentage of ground wood from Canada free of duty, we can not see where they can have any concern over the importation of the same material in the form of rolls to be used in the manufacture of a building product which in no way competes with them.

The manufacturer of wall board, in which the beaver-board companies are the pioneers and the largest factors, not only has created a very large industry in this country, offering employment to many thousands of men, covering the manufacture and the application of the board in this country, but it also has been developing and is constantly increasing its activity in foreign fields, shipping the product made with American labor to Australia, South America, South Africa, representaing a well-scattered world business, in addition to doing an intensive business in Great Britain with an English company, and having a company on the Continent for the business in Belgium, Holland, spreading into France and Switzerland, etc.

We feel that an arrangement whereby this country gets the benefit of the raw material resources of Canada without contributing any more for Canadian labor than is necessary to bring in the wood pulp is very beneficial and should be continued. Also, that an industry created to supply an economic need covering one of the three essentials in life—shelter, that contributes to American labor and to the convenience of the house owner with limited means—is an industry that should not be hobbled or severely checked by a misconceived idea.

We therefore ask your sympathetic consideration of the presentation of our case, which we will be glad to supplement if desired.

WALL BOARD AND PULPBOARD.

[Paragraphs 1302 and 1610.]

STATEMENT OF W. G. SAVILLE, REPRESENTING THE PLASTERGON WALL BOARD CO., BUFFALO, N. Y.

Mr. SAVILLE. I represent the Plastergon Wall Board Co. I am also a manufacturer of wood-fiber wall boards. Mr. MacGlashan has covered our situation, and my situation is practically the same as his, with the exception of the fact that we purchase our raw material from Canada, whereas they own their own Canadian timberlands.

A word about my inability to get this material in this country at a reasonable price and the lack of interest on the part of American manufacturers in the manufacture of the material may be of interest.

Senator SMOOT. You want a free rate on it?

Mr. SAVILLE. Yes, sir. I ask the same that Mr. MacGlashan did.

Senator SMOOT. Have you any reasons to advance other than those advanced by Mr. MacGlashan?

Mr. SAVILLE. It will only take a minute. I just want to outline my inability to get my material from American manufacturers.

Apparently, though the American manufacturers are in a position to produce this material economically, they do not show much interest in it. The material is entirely wood fiber. Their output can be used to a greater advantage by the manufacturer in making box board, and classes of boards in which the wood pulp is only a small percentage, than they can in the manufacture of this pulpboard. For that reason, I have never been able to secure a satisfactory arrangement with any American manufacturer to produce that material for us, and the company I am connected with was in a bad way, until these Canadian pulp people enabled us to import their pulpboard and manufacture our wall board in Buffalo.

There is no danger of the importation of this material for our use from Germany and from the Scandinavian countries where there is a depreciated exchange. I tried that during last year, when pulp was very hard to get. I tried to get it from abroad, and found that none of the mills over there were equipped to manufacture the pulpboard in the thickness we required, and also were not properly equipped to manufacture rolls of the character that we require in our manufacturing process. So that to all intents and purposes the only source of supply we have is the Canadian market, where pulp is plentiful.

I might state that along last year, as showing the lack of interest on the part of American manufacturers and the lack of ability to produce this class of material which is made entirely of wood pulp, on which the box-board manufacturer asks an entry free of duty, the only place I was able to secure board to enable me to take care of my trade was from importations into this country and from the beaver-board companies.

The entire Canadian labor cost on this material is only about $5 per ton, and the rate of wages paid in the Canadian mills in which it is manufactured are at least as high if not higher than the rate of wages paid in the mills of this country. This is the only material outside of newspapers that I know of which is imported in large

quantities and made entirely of wood pulp. So it seems to us, inasmuch as it is used in the building material trade, that every reason which has been advanced for the free entry of print paper and wood pulp should apply to our industry.

BRIEF OF W. G. SAVILLE, REPRESENTING THE PLASTERGON WALL BOARD CO., BUFFALO, N. Y.

This company manufactures exclusively wall board, used in building construction

This wall board is made from wood pulpboard imported from Canada.

No duty was imposed on this material by the Payne-Aldrich Act of 1909.

This pulpboard now pays a duty of 5 per cent ad valorem (act of 1913, par. 320).

The pending bill (H. R. 7456), as passed by the House, imposes upon it a duty of 10 per cent ad valorem. (Par. 1302.)

We ask that pulpboard used exclusively in the manufacture of wall board be admitted free of duty.

To accomplish this we submit the following amendments to the tariff bill (H. R. 7456):

In paragraph 1302, following the words "provided for" insert the following: "except pulpboard in rolls, for use in the manufacture of wall board."

Also in paragraph 1610, following the word "bleached," insert the following: "including pulpboard in rolls, for use in the manufacture of wall board."

We ask free importation for five reasons:

1. This pulpboard, used in the manufacture of wall board, is our raw material, and as raw material made of wood pulp is subject to the same reasons for free admission as wood pulp and newsprint paper.

Wood pulp is admitted free under the present law (par. 649), and also in the pending House bill (par. 1610). Standard newsprint paper is admitted free under the present law and also in the pending House bill. This "pulpboard in rolls for use in the manufacture of wall board" is the only material made entirely of wood pulp at value lower than the value of print paper which is imported into this country in any quantity. Its present value is about 65 per cent of the present value of print paper. Only a very small percentage of the labor cost of producing wall board is paid on the Canadian side. Out of a total cost of approximately $90 per ton, the cost for labor in Canada does not exceed $5 per ton. The rate of pay for the Canadian labor is fully as high if not higher than similar labor in this country. It is impossible to import this raw material in proper form from the Scandinavian countries, from England or Germany, or from any other country in which the lower labor rates or low exchange rates prevail. Those countries have not the machinery required for this product, and ocean transportation is impracticable on account of the dimensions of the rolls which we require.

2. For relief to the building industry, the present housing demands, the home purchaser, the farmer, and the multitude of users of this economical material.

Wood-fiber wall board was first manufactured only about 15 years ago. Its use has so rapidly increased that at the present time about 430,000,000 square feet of wood-fiber wall board is annually sold. It is used as a substitute for lath and plaster in buildings of the cheaper class, chiefly in the agricultural districts and in the cheaper classes of houses in the industrial and mining districts. It is also used in repair, alterations, and partition work. It takes the place of both lath and plaster, and the farmer or artisan can apply it himself where carpenter and plasterer labor is difficult to obtain. It is particularly a poor man's material.

3. For conservation of American pulp-producing forests, rapidly being exhausted.

From 30 to 35 acres per day of Canadian forests are now being denuded to secure the pulpboard now imported fro manufacture of wall board. Reports of the Department of Commerce show that in the year ending June 30, 1921, there was imported 73,160,325 pounds of pulpboard in rolls, namely, 36,530 tons, of which about 31,000 tons was used by the Beaver Board Co. and 4,000 tons by the Plastergon Wallboard Co., all in the manufacture of wall board.

4. Free importation of this material exclusively for wall-board manufacture will not injure any American industry.

(a) No American industrial plants are properly equipped to manufacture this pulpboard; first, on account of shortage of pulp-wood supply; second, their inadequate power facilities; third, inadeqaute equipment for handling pulp in quantities; fourth, their preference for using their very limited supply of wood pulp in the higher grades of box board, of which this wood pulp constitutes only a small component part as compared with the wastepaper of which it is principally made.

(b) No American manufacturers of wall board owning their own wood-pulp mills and using American timber require protection, as such manufacturers are now and have been underselling us.

5. We submit that our request is in strict accord with the principles on which the present bill is framed, as so forcibly expressed in the speech of Hon. A. T. Treadway, delivered in the House on July 15, 1921 (Cong. Rec., pp. 4063–4064), bearing on the necessity of free importation of wood pulp and products composed of wood pulp, used in articles of necessity for the masses. We quote:

"So little labor is involved in the manufacture of pulp and the supply of pulp wood has been so seriously diminished in this country that is is not advisable to place any hindrance in the way of its admission here. * * *.

"Our forests are rapidly becoming depleted, and as 90 per cent of all the paper is manufactured from wood is is readily seen that our available pulp-wood area would be very rapidly exhausted were we to place any restrictions on the importations of pulp or newsprint paper. The total importation of pulp of all kinds for 10 months of 1920 was 756,000 tons. There was produced in this country nearly 4,000,000 tons of wood pulp for the same period. Wood pulp is the largest raw material in paper manufacturing. Newsprint paper is practically raw material for the newspapers of the United States. We are therefore fully justified in placing these on the free list. * * *

"We did start and followed up the intention of having the rates less than in the Payne-Aldrich Act, particularly in these schedules that were mostly criticized by the public. * * *

"I am glad my colleague called my attention to that fact. The articles used by the masses of the people are the ones where you will find the rates lower than in the Payne-Aldrich Act."

INDIA AND BIBLE PAPER.

[Paragraph 1304.]

STATEMENT OF N. H. BUSSEY, JR., WINDSOR LOCKS, CONN., REPRESENTING TISSUE PAPER MANUFACTURERS' ASSOCIATION.

The CHAIRMAN. Mr. Bussey, will you state your full name?

Mr. BUSSEY. N. H. Bussey.

The CHAIRMAN. What business are you engaged in?

Mr. BUSSEY. In the manufacture of tissue paper.

I am speaking for several of the tissue-paper manufacturers.

We wish to make paragraph 1304 a little bit clearer than it is by specifying the various grades of paper intended to be covered by it, but which, under the present wording, might be brought in under other paragraphs at a lower rate of duty.

We desire to insert india and Bible paper, condenser paper, carbon paper, coated or uncoated, bibulous paper, pottery paper, and tissue paper for waxing, colored or uncolored, white or printed, and filtering paper.

In addition we ask to have the division by weights carried further so as to include the heavier india and Bible papers, but at a lower rate of duty, by inserting, "If weighing over 12½ pounds and less than 18 pounds to the ream, 4 cents per pound and 15 per centum ad valorem."

Senator LA FOLLETTE. Is this Bible paper?

Mr. BUSSEY. It is india paper. It is what the Encyclopedia Britannica is made of.

Senator LA FOLLETTE. That is the name that it carries in the trade, is it?

Mr. BUSSEY. India and Bible paper.

While paragraph 1304 specifies "papers commonly known as tissue paper, stereotype paper and copying paper, and all papers not spe-

cially provided for in this section," within certain weights, at 6 cents per pound and 15 per cent ad valorem, or 5 cents per pound and 15 per cent ad valorem, paragraph 1301 covers "printing paper, not specially provided for," at one-fourth of 1 cent per pound and 10 per cent ad valorem, and we feel that india and Bible papers could be brought in under that paragraph, paying, according to their foreign selling price, per pound from one-fourth to one-half the duty they would if entered under paragraph 1304.

Senator SMOOT. They asked for one-quarter of a cent.

Mr. BUSSEY. No, sir; we did not.

Senator SMOOT. I did not say you did.

Mr. BUSSEY. Oh, yes. They would sell for less, as under our paragraph they should pay either 6 or 5 cents per pound and 15 per cent ad valorem.

Paragraph 1307 specifies, in part, "typewriter, manifold, and onionskin and imitation onionskin" at 3 cents per pound or 15 per cent ad valorem. We fear that unless enumerated in paragraph 1304 carbon, uncoated, and condenser paper could be entered under paragraph 1307 and pay duty from 1 to 3 cents a pound less than is intended.

Paragraph 1309 covers, among other things, "wrapping paper, not specially provided for," and further on "paper not specially provided for" both at 23 per cent ad valorem. Bibulous, pottery, and waxing papers could be entered under this paragraph at a duty of about one-third to one-half as much as they should pay under paragraph 1304.

Several of these papers might fraudulently be entered under the lowest paper rate not specifically named, but there might be a real justification in trying to enter those I have mentioned in connection with paragraphs 1301, 1307, and 1309 unless they are inserted in paragraph 1304. We believe they were omitted for the sake of brevity, but we feel that future complications will be avoided and the intended results much more readily attained if the paragraph is modified as requested.

Senator SMOOT. We have never used the words "Bible paper" before.

Mr. BUSSEY. No, sir.

Senator SMOOT. Don't you think that would bring us into a lot of trouble in determining what it is?

Mr. BUSSEY. "India" and "Bible" is what the trade knows it as. It is more or less a new departure in this country, extending over probably the last 20 years.

Senator SMOOT. "India" would cover it, would it not?

Mr. BUSSEY. Yes; "India" would. But we understand that the reasons these various names were left out of the bill in the first place was for the sake of brevity. We feel, however, that a great deal of trouble would be avoided if they were inserted so that there would be no question about the paragraphs they come under.

Senator WALSH. Have you set out in your brief what you would like to have?

Mr. BUSSEY. Yes, sir; we have in our brief in italic type what we would like.[1]

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[1] See page 3874.

GLASSINE AND GREASEPROOF PAPER.

[Paragraph 1305.]

STATEMENT OF LOUIS T. STEVENSON, LEE, MASS., REPRESENTING THE GLASSINE AND GREASEPROOF PAPER MANUFACTURERS.

The CHAIRMAN. Will you state your full name and business for the information of the committee?

Mr. STEVENSON. Louis T. Stevenson. I represent the glassine and greaseproof paper manufacturers.

The CHAIRMAN. You may proceed, Mr. Stevenson.

Mr. STEVENSON. I represent practically 95 per cent of the manufacturers of the country. My remarks will be very brief. We have prepared a brief which is to be made part of the record.

Senator WATSON. In what paragraph are you interested?

Mr. STEVENSON. Paragraph 1305.

The CHAIRMAN. You indicate in your brief what you desire, do you?

Mr. STEVENSON. Yes, sir; it is included in the American Paper and Pulp Association's brief.[1]

We desire the rates that they have given us in the House bill. The rates in the House bill, we think, are fair, and we have given information to support those rates in this brief. We have brought this information down to date.

I think that is all I have to say.

The CHAIRMAN. You want to be let alone, do you?

Mr. STEVENSON. Yes, sir.

GLAZED AND FANCY PAPER.

[Paragraph 1305.]

STATEMENT OF I. O. VAN DUZER, NEW YORK CITY, REPRESENTING THE GLAZED AND FANCY PAPER MANUFACTURERS.

The CHAIRMAN. Where do you reside, Mr. Van Duzer?

Mr. VAN DUZER. In New York, Senator.

The CHAIRMAN. Will you proceed?

Mr. VAN DUZER. Yes.

We asked in our brief to the House for a duty of 9 cents per pound.

Senator WATSON. What paragraph are you referring to?

Mr. VAN DUZER. Paragraph 1305.

The CHAIRMAN. It is 1309, is it not?

Mr. VAN DUZER. Thirteen hundred and nine, surface-coated papers.

We show in our brief that while we had 5 cents a pound—5 cents and 20 per cent ad valorem—under the Payne-Aldrich bill, on account of the increase in value it is necessary to have 9 cents a pound to equalize conditions. The rates of 5 cents a pound and 5 cents and 20 per cent ad valorem were based on the ordinary value of $1.05 per ream. Those same papers to-day are quoted from abroad at about $3 per ream, or about three times the 1912 price. So, in order to equalize matters, and to equalize the 40 per cent rate of 1913, we need 9 cents.

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[1] See p. 3882.

Senator SMOOT. Instead of 5?

Mr. VAN DUZER. Instead of 5. It is very easy to figure. As the value advanced, of course, the ratio of the specific duty decreased. We are not only manufacturers, but we are also importers. We were known as the largest importers prior to 1914 in that line of goods. So we are well acquainted with the foreign market.

Senator SMOOT. What do you import?

Mr. VAN DUZER. Surface-coated paper.

Senator SMOOT. It is all coated paper?

Mr. VAN DUZER. Yes, sir.

Senator WALSH. You have a plant in Fitchburg, Mass., have you not?

Mr. VAN DUZER. Yes, sir; we have one at Fitchburg and one on Staten Island. The Fitchburg plant is purely for white coated and the Staten Island colored. When the tariff allows us to manufacture, we manufacture; if not, we import.

Under the 1913 act, when we were allowed 40 per cent ad valorem, we imported in large quantities.

Senator WALSH. What do you mean by the last paragraph in your supplemental brief when you say:

> In the event that the American valuation plan is adopted, as we earnestly hope it will be, we abandon the specific rates asked for in the brief submitted and respectfully request an ad valorem rate of duty of 33⅓ per cent on the accepted American valuation.

Mr. VAN DUZER. If the American valuation were dropped and specific rates asked for——

Senator SMOOT (interposing). The American valuation has nothing to do with the specific rate.

Mr. VAN DUZER. Nothing to do with it?

Senator SMOOT. Yes.

Mr. VAN DUZER. The specific rate of 5 cents a pound is not equal to 40 per cent ad valorem. The 40 per cent of the Underwood bill did not protect us.

I have in my possession letters from abroad quoting fine grades of papers at about one-half of the cost of production here under present conditions.

Senator SMOOT. That is probably true.

The CHAIRMAN. Have you anything further to say?

Mr. VAN DUZER. I have nothing further to say. Our brief has been filed with that of the American Paper and Pulp Association.[1]

VEGETABLE PARCHMENT PAPER.

[Paragraph 1305.]

STATEMENT OF J. M. DOHAN, PHILADELPHIA, PA., REPRESENTING VEGETABLE PARCHMENT MANUFACTURERS.

Mr. DOHAN. We are included in paragraph 1305, where we are classed with imitation parchment at 3 cents per pound and 13 per cent ad valorem, which we ask the committee to raise to 5 cents per pound and 13 per cent ad valorem.

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[1] See p. 3876.

We know, of course, that you have no time to go into the various distinctions and differences between the different grades of paper, but there is a fundamental difference between the imitation parchment and the genuine parchment which we manufacture, based upon the fact that the one is a single-process paper and the other is a double-process paper.

When we make our paper, we manufacture what is known as "Waterleaf." This is an unsized paper, and in that state is of about the same weakness and consistency as newspaper.

Senator SMOOT. Did you say you want 5 cents a pound?

Mr. DOHAN. We ask for an addition to the specific rate of 2 cents.

You are familiar with newspaper, and you know how that, when it is wet, pulls apart. We take paper somewhat similar to that, except that it is a finer grade, and we pass it through a bath of sulphuric acid. That effects chemical changes in it. Every man will realize what it is when he knows that it is used in wrapping butter. That is a common use to which it is put. The paper increases several hundred per cent in strength, etc., and becomes impervious to moisture and grease.

The fundamental difference lies in the fact that when you have the imitation paper, you have a paper which is made direct on the paper machine and does not require conversion by a chemical process. The parchment is manufactured in a paper mill in the usual manner. But we must go further than that. We must have a separate plant, involving as much as 150 per cent more capital than is necessary for the paper mill.

The difficulty is that we are classed with imitation paper, which is ready for use when it leaves the paper-mill plant. On the other hand, when our paper comes off the end of the machine in the paper mill it is only ready to go to the conversion plant, where we have 150 per cent more capital invested than in the paper mill. We, therefore, feel that there is an inequity in classifying us with the single-process paper, which is purely a mechanical process, whereas ours is first a mechanical and then a chemical process. We think that we should have protection to cover the difference in labor cost as well as to cover the additional investment in the plant.

Senator SMOOT. Can you tell me offhand what you had in the Payne-Aldrich bill?

Mr. DOHAN. We had 3 and 13.

Senator SMOOT. I mean in the Payne-Aldrich bill.

Mr. DOHAN. Oh, yes. We had 2 cents per pound and 10 per cent ad valorem, which was equivalent to 33⅓ per cent. We then had higher rates than the imitation paper, but when the Underwood bill was passed they were put on a basis of 35 per cent and we on a basis of 25 per cent.

When we came to the Fordney bill, they recognized the inequality of putting us below the imitation paper, which finds its market at our expense, and they placed us on an equal basis with the imitation paper, but they failed to take into consideration the fact that we must have 150 per cent more investment in our parchment plant than they have. In fact, we must have the paper mill, too, and we must have additional labor, which amounts to 150 per cent.

In the House bill they recognized that principle in some degree when they placed a higher rate of duty upon coated papers, but we

are classified so as to give us a wrong classification. We are classified with grease-proof imitation and other papers of that character.

Senator WATSON. Where is your competition?

Mr. DOHAN. At home, because our tariff has been so low that it has kept the price of the paper down to a point where——

Senator WATSON (interposing). Where is the foreign competition?

Mr. DOHAN. We have none.

Senator WATSON. There are no importations?

Mr. DOHAN. None at all.

Senator WATSON. What do you want a tariff for, then?

Mr. DOHAN. We would have foreign competition from Germany. I mean by that that Germany is in a position to sell goods to this country at any time. It has been the threat of foreign competition that reduced the price of the paper from 27 cents in 1885 to 7.8 cents in 1914, just before the war.

Senator WATSON. Was there any importation before the war?

Mr. DOHAN. No, sir. We had been able to keep imports out.

Senator MCLEAN. How much does this process add to its value?

Mr. DOHAN. I should say 100 per cent. We used to make "waterleaf" at 5 cents a pound and sell the paper anywhere from 8 to 9 and 10½. Now, our "waterleaf," I suppose, costs 9.5 and we sell the paper for 17.

Senator SMOOT. You make it for nine and a half?

Mr. DOHAN. No. We make the raw material; that is, the paper before it is chemically converted—the paper similar to the newspaper that I described. We make that for 9 cents a pound. That is made out of rag stock with a percentage of bleached sulphite. It sells for about 9 cents a pound to-day—that is the raw material for the parchmentizing plant.

Senator WALSH. What is the condition of the industry to-day?

Mr. DOHAN. It is in a precarious condition due to the fact that we had 27 industrial establishments in the business and only 5 of them survive to-day.

Senator WALSH. There is no foreign competition and yet you have been suffering?

Mr. DOHAN. More than that, our depression has existed over a period of 28 years.

Senator WALSH. That is due to home competition.

Mr. DOHAN. That is due to home competition and also to competition of the imitation product. It is also the result of fear. The Germans were trying to get the paper into this country and we had to keep the paper down to a price where they could not get it in.

Senator WATSON. You do not think we can pass a law that would shut off home competition, do you?

Mr. DOHAN. No, sir; we do not ask that.

Senator LA FOLLETTE. They ought to have a duty on threats.

Mr. DOHAN. There are a great many threats made. One gentleman told you this morning that wall paper is not imported into this country to any extent; that it amounts to nothing. Still they spread quotations all over the country. That is what has happened to us for 28 years. German threats were spread all over the country.

Senator MCLEAN. Do they import the imitation of this product which displaces your own product?

Mr. DOHAN. No, sir. We have enemies both at home and abroad. The threats have come from abroad.

Now, there is an anomaly in this tariff in this way. In section or paragraph 1304 filtering and copying paper is set down at 4 cents a pound, and in 1309 the filtering paper is 6 and 5 cents a pound. Those are most nearly analogous to the paper we make. We make this paper before it passes through our chemical process. These papers in 1304 are 5 and 6 cents a pound and 15 per cent ad valorem. They are our raw material. Yet after we convert them chemically, with double labor and double capital and with heavy expenditure for converting chemicals, we have only one-half the specific duty and less ad valorem than our raw material would have. We get 3 cents a pound when completed. We feel it should be 5 cents a pound and 15 per cent ad valorem.

The CHAIRMAN. Is that all?

Mr. DOHAN. That is all, thank you. We have prepared a brief of the reasons for our request, which, with the consent of the committee, I will file. I call attention to the only authoritative statement I have seen of German wages in paper mills. This is from the official printed report of the Hanover arbitration between employer and employee.

GLASSINE PAPER BAGS.

[Paragraph 1305.]

STATEMENT OF SAMUEL KRAUT, REPRESENTING THE ADOLPH KRAUT CO., NEW YORK CITY.

The CHAIRMAN. What do you wish to speak on?

Mr. KRAUT. Paragraph 1305.

The CHAIRMAN. What is the subject?

Mr. KRAUT. Paper bags. I have prepared a brief.

The CHAIRMAN. All right. You may file your brief. Are you going to repeat anything that has already been said?

Mr. KRAUT. No, sir. It is entirely new.

The CHAIRMAN. All right, sir. You may proceed.

Mr. KRAUT. I am representing the Adolph Kraut Co., of New York City. It and its predecessors have been in the business of importing paper bags for upward of 25 years and was the introducer into this country of a lined paper bag used principally for coffee and tea packages. This bag consists of the bag proper, or inside lining of an ordinary paper material, and a glazed or glassine grease-proof outer paper, the former for the purpose of holding the contents, the latter for appearance sake and to keep the moisture from the contents of the inside bag.

The CHAIRMAN. What is that bag made of?

Mr. KRAUT. It is made of glassine paper on the outside and fiber paper on the inside.

The objectionable feature of paragraph 1305 is that "bags," composed wholly or in chief value of any of the papers mentioned therein, must pay 5 cents per pound and 20 per cent ad valorem.

To recur to the facts of the case: Glassine bags. We submit four exhibits: One, Exhibit A, a complete bag as imported by petitioner, consisting of inside container and the outside covering, which com-

plete product weighs 23 pounds per 1,000 bags; two, Exhibit B. which is the outside covering and is of grease-proof glassine paper, which weighs 8 pounds per 1,000 coverings; three, Exhibit C, which represents the inside lining or the container, an ordinary paper which weighs 15 pounds per 1,000 sheets; four, Exhibit D, which is a similar bag sold by American manufacturers.

The cost price of the container or the inside lining before the war was about 4¾ to 5 cents a pound and is at the present time about 8½ cents a pound. It should be borne in mind that under section 402 of the proposed tariff act, the American valuation controls, and there would be a duty of about 100 per cent, which would be imposed by paragraph 1305 in its present form, in addition to the 20 per cent ad valorem valuation, and the specific duty will remain the same even though the price of paper is approaching normal.

The American manufacturers are selling bags similar to Exhibit D—if the outside covering is of white—at $6.30 per thousand at the present time. If colored, other than red, at $7.80, and if red coloring, at $8.60 per thousand, so that the total duty on imported bags of a similar material would be as follows:

1,000 white bags, weighing 23 pounds, at 5 cents per pound (specific)	$1.15
Ad valorem duty of 20 per cent	1.14
Total duty on white bags	2.29
1,000 colored bags (other than red), 23 pounds, at 5 cents per pound (specific)	1.15
Ad valorem duty of 20 per cent	1.40
Total	2.55
1,000 red bags, 23 pounds, at 5 cents per pound (specific)	1.15
Ad valorem duty of 20 per cent	1.55
Total duty on red bags	2.70

Thus, exclusive of freight, insurance, cartage, and kindred expenses, the specific and ad valorem duties fixed by the American valuation on 1,000 white bags—we are considering the bag which will hold 1 pound of coffee—is $2.29; 1,000 colored bags (other than red), $2.55; and 1,000 red bags, $2.70.

Before the war the American manufacturers sold 1,000 bags at $3 per thousand, regardless of color, delivered at any part of the United States.

At the present time, as stated heretofore, the American manufacturer is charging $6.30 for the white bags, $7.80 for the colored other than red, and $8.60 for the red; representing an increase in price of 200 to nearly 300 per cent over the prewar prices, a price grossly disproportionate to the increase in price of paper and cost of labor. This increase, which is naturally unwarranted, is paid for by the American people for the benefit of the stockholders of three certain concerns which at the present time control 100 per cent of the manufactured paper bags of the kind and nature being discussed. These concerns petitioner feels justified in characterizing as the "trust"; these concerns control this industry; these concerns are extremely desirous of having the word "bags" stay in paragraph 1305.

In the price list of the Union Bag & Paper Corporation (in effect Sept. 7, 1909) a No. 2 bag, which will hold 1 pound of coffee, is listed at $3 per thousand.

In the price list of the Continental Bag Co., dated September, 1909, we find listed size C 1, capacity 1 pound coffee, $3 per thousand.

During the war the Union Bag & Paper Corporation jumped its prices for a 1-pound bag, white, to $5.50; colored, except red, to $6.80.

In 1918 we find that the Union Bag & Paper Corporation, as appears from its price list, jumped the price of 1-pound bags per 1,000, white, to $6.30; 1-pound bag per 1,000, colored, except red, to $7.80; and 1-pound bag per 1,000, if red, to $8.60.

The above figures show very conclusively the grossly exaggerated price the Paper Bag Trust is charging the American public, and when compared with the cost of production it will be seen that it is only the "trust" that profits thereby.

The CHAIRMAN. Do you want a lower duty?

Mr. KRAUT. Yes, sir.

The CHAIRMAN. What duty do you think ought to be imposed?

Mr. KRAUT. I suggest 3 cents a pound.

Senator SMOOT. And 20 per cent ad valorem?

Mr. KRAUT. No, sir; not ad valorem, because the selling prices are fictitious. Speaking of a 1-pound bag, before the war the same size and quality of bag sold on this market at $2.50, laid down at any part of the United States.

Senator MCCUMBER. $2.50 for what?

Mr. KRAUT. One thousand bags.

The CHAIRMAN. Those bags are imported here and filled up here?

Mr. KRAUT. The bags are imported and used for packing coffee, principally, and tea.

Senator SMOOT. In order to make the 3 cents a pound on the ad valorem duty conform to the rate of duty we put upon the paper itself, you would want also a lower rate on the paper?

Mr. KRAUT. An ad valorem on paper of 10 per cent would cover it. I wish to submit some samples.

Senator SMOOT. I have seen the samples.

Mr. KRAUT. To pay 5 cents a pound and 20 per cent ad valorem American valuation can't be done. We are simply put out of business. We would have to close up.

Senator SMOOT. We have that every time a tariff bill is up.

Mr. KRAUT. I know. I want protection, but I like to be in business. I started this business 25 years ago, and I introduced this line of merchandise in this country and I would like to stay in it.

Senator LA FOLLETTE. State again what the prices were before the war?

Mr. KRAUT. The price before the war was $2.50, laid down in any part of the United States.

Senator LA FOLLETTE. What is that bag called in the trade, so we may get it identified in the record?

Mr. KRAUT. It is a duplex bag—fancy tea and coffee duplex bag.

Senator LA FOLLETTE. In particular sizes?

Mr. KRAUT. Yes, sir. I speak of 1-pound coffee bags. In 1916 they cost in white $5.50; in colors, except red, $6.80. In 1918 the price jumped to white $6.30, colored $7.80, red $8.60. In 1920, white $7.90, colored $9.75, red $10.75. The prevailing prices in 1921 were $6.30 for white, $7.80 for colored, and $8.60 for red.

Senator LA FOLLETTE. State again what that same size cost before the war, say in 1913?

Mr. KRAUT. In January, 1909, the same bag was selling at $2.50.

Senator LA FOLLETTE. What was it in 1910, 1911, and 1912?

Mr. KRAUT. In the spring of 1909 the price was advanced to $3, and that $3 price remained stationary until the war started or a little after that time. Then, when importations ceased, the upward movement started.

Senator LA FOLLETTE. $3 was the price for white?

Mr. KRAUT. $3 was the staple price before the war for all colors, whether white, red, or what it was. It didn't make any difference. But after that time the distinction has been made in prices and it exists now.

Senator LA FOLLETTE. What is the quantity of domestic production of those bags, if you know?

Mr. KRAUT. That I can not state.

Senator LA FOLLETTE. What are the importations?

Mr. KRAUT. Now?

Senator LA FOLLETTE. Yes.

Mr. KRAUT. Very little.

The CHAIRMAN. What are they wrapping coffee in?

Mr. KRAUT. In duplex bags.

The CHAIRMAN. I understood you to say there were none imported.

Senator LA FOLLETTE. There are no importations now?

Mr. KRAUT. There are no importations now. Under this condition I could not afford to import bags.

Senator MCCUMBER. Why are there no importations, when the prices are so very much higher than in 1909?

Mr. KRAUT. I can not afford to take the orders with this tariff bill before us.

Senator LA FOLLETTE. You do not want to be bound up?

Mr. KRAUT. I do not want to be bound up. Besides, they have trouble over there in the factories to obtain material.

Senator LA FOLLETTE. Where do they make them?

Mr. KRAUT. This particular bag was made in Germany. The German paper mills don't care to sell their product to German manufacturers. They don't like to get paper marks, and they would rather sell paper for export.

Senator LA FOLLETTE. I should think they might make those bags out of paper marks.

Mr. KRAUT. I guess it would be cheaper. They don't promise any delivery if you place an order. They might come in five or six months or a year. I ordered some bags over a year ago. I am speaking for the future. I want to resume business. I would also like to state what the duty on these bags would amount to under the present or proposed law. One thousand white bags, the duty would amount to $2.43½; on colored bags, $2.70½; on red bags, $2.86, made of fiber paper.

Senator SMOOT. The same paper?

Mr. KRAUT. Yes, sir. I think that whole section ought to be taken out of paragraph 1305 and put under the manufacture of paper goods, paragraph 1313, with either a specific duty or ad valorem duty. If we import a bag made of a metal paper described in paragraph 1305, it would not pay any more duty. The rates of duty would not be higher than bags made of common craft paper, which happen to be embossed, the price of which before the war was about 4½ cents a

pound. I have samples of that kind of paper here. The duty on white bags would amount to $2.58½, on colored bags it would amount to $2.85½, and on red bags it would amount to $3 a thousand, made of fiber paper in square shape.

The CHAIRMAN. Is that all?

Mr. KRAUT. I want to simply emphasize a little further the difference in cost. To emphasize the exorbitant profit that is taken by these concerns from the American public I call attention to the following facts:

The present cost of white embossed glassine paper manufactured by the American paper mills is 17 cents per pound; the cost of the same paper if colored other than red is 23 cents per pound, and the cost of said paper if colored red is 25 cents per pound. Taking the white paper, for example, as a basis, the difference in cost between white paper and colored paper other than red is 6 cents per pound, and, as it required 8 pounds to make 1,000 bags, the difference in cost is 48 cents per 1,000 bags, while the manufacturer charges $1.50 per thousand more for said colored bags than for white bags, representing a profit on the color only of $1.02 on a thousand bags on an investment of 48 cents, a profit of over 200 per cent on the difference only in the color of paper.

Carrying this comparison a little further, the difference in cost between the white paper and the red paper is 8 cents per pound, or 64 cents more per thousand bags than for the white bags, for which the manufacturer charges the customer $2.30 more for the red bags than for the white bags, representing a profit based on difference of color of $1.66 on an investment of 64 cents; a profit of over 250 per cent on the difference only of color.

Bags of paper other than glassine, etc.

Similarly, a change in the proposed paragraph 1305 should be made to cover bags made of other than glassine or similar paper. Bags of this character are in exactly the same position in regard to the impossibility of importing them under the proposed paragraph 1305 as are bags of glassine paper. The necessity for a change in the proposed paragraph 1305 is due to the fact that by section 402 of title 3 there is a provision that the value of imported merchandise is based on the wholesale selling price in America, and such selling price in America is fixed by the "trust." Therefore, if an ad valorem duty exists based on the American value, which is necessarily much higher than the value of the imported article in the country from which it is imported, is allowed to stand, it will mean that the duty will be so high that the importation will cease.

Therefore bags other than those of glassine paper, as Exhibits E and F, one embossed and one unembossed, should be taken care of. This can only be done by fixing a specific duty alone, and it is respectfully suggested that a duty of 3 cents per pound be imposed.

The changes we therefore suggest are by inserting in line 1, page 141, of paragraph 1305 the word "unlined" immediately preceding the words "printed matter," and by inserting in line 8 of said section, immediately after the word "valorem," the words "all lined bags, plain or embossed, 3 cents per pound."

That shows what is going on on this line. There are three manufacturers, and it does not make any difference if anybody wants to buy some bags, if you ask all three of them you get the same quotation. It is all fixed.

RAW PHOTOGRAPHIC PAPER.

[Paragraph 1305.]

STATEMENT OF NELSON CURTIS, REPRESENTING THE AMERICAN PHOTOGRAPHIC PAPER CO., BOSTON, MASS.

The CHAIRMAN. You may proceed, Mr. Curtis.

Mr. CURTIS. The mills manufacturing this paper are the American Writing Paper Co., the Rising Paper Co., the Eastman Kodak Co., and the American Photographic Paper Co.

The CHAIRMAN. Are you in the business?

Mr. CURTIS. Yes, sir; I am a practical paper maker.

The paragraph affecting our product will be found on page 141, H. R. 7456, in lines 8 to 13, inclusive.

Plain basic paper for photographic emulsions is an especially made article for receiving sensitive emulsions, and when so coated is sensitive to light, either natural or artificial. Until 1895 this paper was imported from Germany and France.

In 1891 Sylvester P. Wheeler, State chemist of Connecticut, matched his chemical knowledge against my practical knowledge of paper making and together we studied up a process of making raw paper for baryta coating and photographic emulsions.

Through an arrangement with the Hurlbut Paper Manufacturing Co., of South Lee, Mass., and afterwards with the American Writing Paper Co., of Holyoke, our company began experimenting in the making of raw photographic paper in these mills.

The statement has been made that raw paper for photographic purposes could not be produced in this country and that imports of raw paper should be put on the free list or be allowed to come into this country from Germany and France at a greatly reduced rate. This company takes exception to this, as since 1895, after experimenting for four years, we produced a satisfactory paper and are now engaged in the making of raw photographic paper.

One of the inducements offered to go into this line of business was the protection of 35 per cent ad valorem in the McKinley bill in 1890. We were enabled under this and other tariff laws to do a satisfactory business up to 1913, when we were gradually undersold, and if it had not been for the war, which practically cut off the foreign supply, we would have been undersold and would have had to discontinue our business. The war in itself furnished a protective tariff for us. Since the war we have been gradually undersold and it is impossible for us to meet foreign competition.

We feel that a protection of at least 30 per cent arranged so as to contain a specific and ad valorem duty, as in pending bill, should be maintained.

Senator WALSH. How many individual companies are there in this country?

Mr. CURTIS. About four.

Senator WALSH. And you are located where?

Mr. CURTIS. We make our paper in South Lee, Mass.

Senator WALSH. And there are a number of persons employed in that industry?

Mr. CURTIS. Oh, yes.

Senator CALDER. I have here before me a brief which has been prepared by the Eastman Kodak Co.

Mr. CURTIS. Yes, sir.

Senator CALDER. I do not know whether you were asked any questions concerning the practice of this company to purchase practically all their material abroad previous to the war?

Mr. CURTIS. It was.

Senator CALDER. They were compelled to, in establishing their business, in order to take care of it?

Mr. CURTIS. Yes, sir.

Senator CALDER. They are now asking for an increased duty so as to prevent the Germans from taking it away from them?

Mr. CURTIS. An increase over the Underwood bill.

With your permission, I will file a brief for the American Photographic Paper Co. and the Eastman Kodak Co.

The CHAIRMAN. Very well.

Senator LA FOLLETTE. You say that since the war you have been undersold?

Mr. CURTIS. Yes, sir.

Senator LA FOLLETTE. What is the value of the importations in 1920 of the class of paper to which you refer?

Mr. CURTIS. They were very small. I think there were 178,000 pounds, about $34,000 worth. Is that correct?

Senator LA FOLLETTE. Plain basic albumenized and sensitized, etc. Is that it?

Mr. CURTIS. Those ought to be separated.

Senator LA FOLLETTE. They are quoted here at the value of 15 per cent; $24,288 worth came in of that class of paper.

Mr. CURTIS. That is the whole year 1920?

Senator LA FOLLETTE. That is the year 1920.

Mr. CURTIS. In 1920, $76,831 worth.

Senator LA FOLLETTE. Yours is only one branch of that?

Mr. CURTIS. Yes, sir.

Senator LA FOLLETTE. What was the total value of the product of that company?

Mr. CURTIS. The Eastman Co. last year produced something like $2,000,000 or $2,500,000 worth.

Senator LA FOLLETTE. Against about $74,000 worth of imports?

Mr. CURTIS. Yes, sir. They have cut down the importation since they started their mills.

BRIEF OF NELSON CURTIS, REPRESENTING THE AMERICAN PHOTOGRAPHIC PAPER CO., BOSTON, MASS.

In 1891 Sylvester P. Wheeler, State chemist of the State of Connecticut, and Nelson Curtis, a practical paper maker, combined their knowledge and worked on a secret process for the manufacture of raw paper for photographic emulsions and baryta coating. Since then the business has been carried on under the corporation name of the American Photographic Paper Co.

We have manufactured raw paper for sensitive emulsions and baryta coating since 1891. In 1894 we began supplying solar printers and furnished the paper for the famous velox paper manufacturers, in large quantities, and continued to sell this and other brands of raw paper.

But we were only able to do this under the higher tariff existing before 1913. When the tariff act of October 3, 1913, became effective, cutting the rate to 15 per cent ad valorem, we were gradually undersold and could not compete with foreign paper manufacturers, and but for the war and the cutting off of the foreign supply (practically acting as a high tariff), we would have been driven out of business.

The fact that sensitizers have failed in trying to produce satisfactory raw paper for their use in baryta coating and sensitive emulsions does not prove that we and other similar concerns can not or do not produce a paper for the above purposes. We have made raw paper and are now engaged in producing raw photographic paper which has become standard, and had our concern not been in existence during the war the United States consumers of raw paper for sensitive emulsions would have been seriously handicapped.

Should the manufacturers of raw paper in Germany and France decide to reduce their prices to a minimum, we should have to discontinue our business; and we would respectfully ask and urge at least 30 per cent protection (which is 5 per cent less than the McKinley bill) and that this petition may have the favorable consideration of your committee.

SUPPLEMENTAL BRIEF.

On December 21, 1921, I appeared before your committee representing the different manufacturers of "plain basic paper for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes."

These papers when sensitized are used in many different processes for the production of regular photographs, post cards, blue prints, photostat copying, and commercial photography.

I stated before your committee that our company had made this paper since 1895; also, filed a brief covering the facts. (See pp. 3977–3979, committee print, unrevised, No. 48, Hearings Before the Committee on Finance, United States Senate.)

On December 27, 1921, there appeared before your committee Mr. Thomas W. Stephens, of the Ansco Co., 61 Broadway, New York City. (See pp. 4208–4210, unrevised, part 51, Hearings Before the Committee on Finance, United States Senate.)

Mr. Stephens appeared under the schedule for sundries and spoke on "films and cameras," but suddenly shifted to the subject of "raw photographic papers," stating that the same was not produced in America satisfactory to consumers.

Our company takes exception to his remarks. As stated in our brief, we commenced making these papers in 1895 and have continued in the business since; and had it not been for our concern during the war the Government would have been seriously handicapped. The Eastman Kodak Co. and like concerns called more heavily upon our concern at that time for paper for sensitizing, which we supplied them from four different mills.

We fail to see how Mr. Stephens, knowing the existence of our company, could state before your committee that satisfactory raw paper was not produced when small consumers as well as the largest concern in this country and probably in the world approved of our product and have used the same for many years, as the following copy will show:

JANUARY 23, 1922.

Mr. NELSON CURTIS,
Treasurer American Photographic Paper Co.,
Boston, Mass.

DEAR MR. CURTIS: Replying to your recent letter, we take pleasure in saying that the American Photographic Paper Co. supplied us with photographic paper of good quality for a number of years; in fact, from 1915 to 1919, inclusive, it amounted to 5,113,871 pounds. Since that time, as you know, we have been manufacturing all of our paper.

Sincerely, yours,

EASTMAN KODAK CO.,
F. W. LOVEJOY, *Vice President.*

BRIEF OF GEORGE EASTMAN, REPRESENTING EASTMAN KODAK CO., NEW YORK CITY.

1. *Raw paper.*—By raw paper is meant unsensitized paper made exclusively for the purpose of being coated with a sensitive emulsion for photographic purposes. In the tariff acts it is called "plain basic paper."

The duty of 3 cents per pound and 15 per cent ad valorem on plain basic paper, paragraph 1305 of the pending bill, should be maintained for the following reasons:

(1) For many years American paper makers were unable to produce a raw paper that was suitable for general photographic use, although one concern in the United States has for years made a paper that was adapted for the manufacture of a limited number of the various brands of photographic papers that were on the market.

(2) The Eastman Kodak Co. was compelled to import most of its requirements from Europe, principally from Germany and France.

(3) For a long time prior to 1914 this company had been investigating and experimenting in the manufacture of raw paper and in that year succeeded in making a small amount of suitable quality. Its entire output of this paper from July 1 to December 31, 1914, was worth at the then current prices about $9,000.

(4) When the war broke out the company realized that it was absolutely necessary for it to make practically all of its raw paper as importation from Germany would be entirely cut off and that from the rest of Europe would either be prohibited or be largely curtailed. Accordingly it energetically perfected its processes and installed great paper-making machinery with all possible rapidity, with the result that in 1917, the year this country declared war on Germany, this company's output of raw paper was of the value of over $500,000.

(5) Since 1917 this company has steadily increased its output, which in the year 1920 amounted to over $2,500,000, an amount sufficient to supply its own needs and to enable it to sell a small amount to its competitors in the manufacture of sensitized paper. It imported no raw paper in 1920, and has imported none during the present year, except a trifling amount for a special purpose. Its investment in the manufacture of raw paper amounts to between $4,000,000 and $5,000,000.

(6) Had the Eastman Kodak Co. and the one other domestic manufacturer already referred to in paragraph (1) above not succeeded in meeting the demand for raw paper our Government could not have procured sufficient photographic paper to meet the demands of its Army and Navy Departments without shutting out all other users, which would have been almost impossible. These companies literally saved the situation. They met every requirement of the Government during the entire period of the war.

(7) The duty under the act of 1913 (now in force) is 15 per cent ad valorem.

(8) The war entirely cut off importations from Germany and greatly reduced the imports of paper from other European countries and thus created what was equivalent to a very high protective tariff.

(9) Since war activities ceased foreign raw paper manufacturers have been sending their raw papers to this country in increasing quantities. By reason of wage conditions and the prevailung rates of exchange they have an enormous advantage over the American manufacturer.

The Government publications do not separate imports of plain basic paper from sensitized photographic paper and therefore it is impossible for us to give statistics as to the imports of either.

(10) Notwithstanding the present tariff of 15 per cent ad valorem foreign manufacturers were during 1920 and are to-day selling their raw papers in the United States at prices below our actual costs of manufacturing corresponding grades.

(11) From our experience we can not see how the domestic manufacture of raw paper can be maintained in competition with the foreign product without the protection afforded by the pending bill.

(12) It is absolutely necessary that raw paper should be manufactured here in order to guarantee that the Government shall have a sufficient supply of sensitized photographic paper in the event of a war with any of the great powers. Modern warfare requires a great supply for both its Army and its Navy. In times of peace it is essential that a duty of at least that of the pending bill should be maintained, as without it our own people who use the hand camera—and there are millions of such users—will be left to the mercy of foreign manufacturers in imposing any prices they choose for raw paper, which prices are always the basis of the prices of the sentitized papers.

2. *Sensitized paper.*—The act of 1913 imposes a duty of 25 per cent ad valorem on sensitized photographic paper (par. 324), while the act of 1909 (par. 411) fixed the duty at 30 per cent ad valorem.

The duty of 3 cents per pound and 20 per cent ad valorem on albumenized or sensitized paper (par. 1305 of the pending bill) should be retained, for the following reasons:

The argument is very brief and seems to us conclusive. When the tariff was 30 per cent under the act of 1909 foreign makers freely competed with American manufacturers (of whom there are at least six), showing that the duty was by no means prohibitive.

To-day conditions are more favorable to the foreign manufacturer than they were under the act of 1909, especially because of the prevailing rates of exchange, and therefore the duty on sensitized paper imposed by the pending bill should be retained.

As already shown in the statement regarding raw paper, an adequate supply of photographic paper of domestic manufacture is of great importance to the Government. This company has invested between $4,000,000 and $5,000,000 in order to make itself independent of foreign manufacturers, and largely by its efforts in this

direction the Government's needs for sensitized paper were met during the period of the war. During that period this company did not in any case advance its price for photographic paper.

The pending bill is correct in describing sensitized photographic paper as "albumenized or sensitized paper, or paper otherwise surface coated for photographic purposes." This is the language of preceding tariff acts.

STATEMENT OF THOMAS W. STEPHENS, REPRESENTING ANSCO CO., NEW YORK CITY.

Mr. STEPHENS. I had not expected to say anything at all upon films, because that has been covered by Gen. Cole, but I think a misapprehension has been created, due to the fact that he spoke for several of us. We were asked by your chairman to agree on one speaker.

Senator SMOOT. That is what I thought you were going to do.

Mr. STEPHENS. We did, and Gen. Cole came down here; and a previous speaker indicated that we were getting together with some of these concerns. We have no more bitter competitor than the Eastman Kodak Co., as will be disclosed by what I may say.

But on this film question—we have been making film about 9 or 10 months for the moving pictures, and our output is small as yet, only about 2,500,000 feet a month. We have not made a dollar; we have spent nearly a half million dollars in building our plants. We sell our film at the same price as does the Eastman Kodak Co. But of course our film product is small, and up to this day we have not made a dollar in producing that film.

Senator SMOOT. If we are going to have all these speakers speak upon films, the other side will want to be heard, and I suppose their demand is a just one. I want to say now, again, that I think that it is for the best interests of those who are really interested in these films to allow the statements that have been going into the record, that have covered the subject so thoroughly, to stand for them, and not to take the time of the committee, because the committee can not read all of these briefs and can not consider all of the statements that have been made if we have 10 or 14 more witnesses.

Mr. STEPHENS. I would like to say a few words on photographic paper. I shall say but a few words to urge that raw photographic paper and baryta-coated paper for sensitizing be placed on the free list, or if the need of revenue requires a duty it be not more than 10 per cent ad valorem.

Raw photographic paper and baryta-coated paper for sensitizing are not products of regular-American manufacture. Many attempts have been made by paper makers here to turn out a uniform product suitable for photographic processes, and during the war these efforts were greatly stimulated but without marked success.

It would be to our advantage to procure these basic materials here. We do not buy the foreign paper because it costs less, but because we must have it on account of quality. Such a duty will add greatly to the cost of manufacturing of all other sensitizers of paper and make it exceedingly difficult, if not impossible, for them to compete. We believe no other paper manufacturer will be injured by placing these goods on the free list, as was urged by the Kodak Co. in 1913, when the present tariff was framed. We can not conceive of Congress

making these items dutiable, the only effect of which will be to seriously harm all the sensitizers but the one which the Government successfully prosecuted for violation of the Sherman antitrust law.

For many years the Eastman Kodak Co. controlled all the paper coming into this country from the two principal sources of supply in Europe, and evidently had no desire to build a mill here so long as their absolute monopoly of these supplies could be maintained.

If the other sensitizers of photographic paper are not permitted to obtain their basic materials as cheaply as possible, the Kodak Co. will be placed in a position to monopolize the business as completely as it did when it controlled by contract the principal European sources of supply.

Sensitized paper being a finished article should carry a higher rate of duty than the basic materials from which it is made and which are not satisfactorily produced in the United States. The present tariff duty is 25 per cent, and we have asked that it be made 30 per cent under the new tariff.

BRIEF OF THOMAS W. STEPHENS, REPRESENTING ANSCO CO., NEW YORK CITY.

The 15 per cent duty on raw photographic paper and the 25 per cent duty on baryta-coated paper for sensitizing should not be increased, but should be lowered or the articles placed on the free list to encourage and keep alive the independent American sensitizers of photographic paper who are dependent on the foreign supply in order to compete with Eastman Kodak Co.

We, therefore, urgently request that raw photographic paper and baryta-coated paper for sensitizing be placed on the free list, or, if the need for revenue should make such action impracticable, that the duty on same be fixed at 10 per cent ad valorem.

(1) *Raw photographic paper.*—This designation means paper made only for the purpose of being coated with a sensitive emulsion for photographic purposes. The existing tariff act refers to it as plain basic paper.

(2) *Baryta-coated paper for sensitizing.*—This designation means raw paper suitable for photographic uses, which has been baryta coated and made ready for the sensitive emulsion.

(*a*) It has never been and is not now possible to obtain a regular and dependable supply of raw photographic paper or baryta-coated paper for sensitizing from American paper makers.

(*b*) Some years ago the Eastman Kodak Co. acquired control of the principal sensitizers of photographic paper and said company also acquired control of the two principal sources of supply of European raw photographic paper. As a result of these arrangements, the Eastman Kodak Co. was enabled to build up the monopoly, the outcome of which—the recent Government suit for dissolution—is well known.

(*c*) During the pendency of the action brought by the Government against the Eastman Kodak Co. for violation of the Sherman antitrust law said company, no doubt after exhaustive study and research, have erected what is probably the largest paper mill in the world for the exclusive manufacture of raw photographic paper, and in doing this they appear to have accomplished something which the American paper manufacturer has been unable to do.

(*d*) Any duty on raw photographic paper and on baryta-coated paper for sensitizing will directly favor the Eastman Kodak Co. alone, and will be positively detrimental to the interests and possibly to the very existence of the several smaller competing concerns which have struggled so desperately to maintain themselves and who are dependent on the foreign supply.

(*e*) If raw photographic paper and baryta-coated paper for sensitizing are not placed on the free list or the duty thereon kept at a very low rate, the Eastman Kodak Co will, through tariff protection, be enabled to add greatly to its power despite the outcome of the Government dissolution suit.

(*f*) Eastman Kodak Co. can not claim the need of duty for protection for foreign paper costs, under the present tariff, quite as much and at times more than that made here.

(*g*) In 1913 before the erection of their photographic paper mill Eastman Kodak Co. strongly urged the placing of raw photographic paper on the free list.

(h) The placing of raw photographic paper and baryta-coated paper for sensitizing on the free list would not seriously affect any American paper manufacturer because there appears to be none manufacturing paper suitable for the finest quality of photographic prints.

(3) *Sensitized paper* (Schedule M, par. 324, existing tariff; Schedule 13, proposed bill).—The act of 1913 very properly imposes a higher duty on sensitized photographic paper than on raw photographic paper for sensitizing, but sensitized paper should also bear a higher rate of duty than baryta-coated paper for sensitizing, for the obvious reason that so far as the independent American manufacturer is concerned, raw photographic paper and baryta coated paper for sensitizing are basic materials and for his supply he is dependent upon France, Germany, and Belgium, and if the duty on the basic material is not substantially lower than on the finished article (sensitized paper), the independent American manufacturer would be utterly unable to compete in price. Besides this fact the raw materials necessary in the making of photographic emulsion are subject to substantial duty.

That the present duty of 25 per cent is not excessive is shown by the fact that prior to the war and since the cessation of hostilities foreign manufacturers have been able to freely sell their product here when the quality was equal to that of American manufacture. The existing rates of exchange are also in their favor, and it would thus appear that a duty of 30 per cent on sensitized paper should permit the importation of such paper and consequently provide substantial revenue for the Government.

LITHOGRAPHIC PRODUCTS.

[Paragraphs 1306 and 1310.]

STATEMENT OF MAURICE SAUNDERS, REPRESENTING LITHOGRAPHIC EMPLOYERS' ASSOCIATION, NEW YORK, N. Y.

Mr. SAUNDERS. My name is Maurice Saunders, address, New York; I am not on this list, sir. I am speaking for Mr. Meyercord and Mr. Speakman, and I represent the Lithographic Employers' Association.

I have been engaged in the lithographic business for 30 years, as salesman and director of manufacturing.

I speak in connection with sections 1306 and 1310 of the tariff bill as passed by the House. The corresponding sections under the Payne-Aldrich Act are 412 and 416, and under the Underwood Act 325 and 329.

The character of our product is lithographic pictures, lithographic books, box covers, souvenirs, views, post cards, advertising specialties, cigar labels and cigar bands, decalcomanias, window transparencies, and various other articles of that character, all of which are printed in colors by the lithographic process.

We are asking you to grant us rates that are double the rates in the Payne-Aldrich bill—and the House bill carries the Payne-Aldrich rates. Our reasons for asking for this additional rate is the difference in the wage cost in Germany and in the United States.

In Germany the wage at the present time, at the present rate of exchange, is about $3 gold. The rate in the United States of the skilled lithographer averages $43.50 per week; while $3 is the rate per week in Germany.

When we appeared before the Ways and Means Committee in February, the conditions then indicated that the German wage was about $5 per week. Our wage was rated then to be about $40 per week, and established a rate as of 1 to 8. The German rate was based on a special report which was made by an American trade commissioner in Switzerland, and was dated January 18. So that at that time it was right up to the minute. From January the mark

has depreciated in Germany. The German rate of wages, therefore, to-day is, with all the adjustments finished, about $3, and we base that upon information which has come to us from travelers and other people in our industry who are recently from Germany. The rate of $3 in Germany against $43.50 here establishes a ratio of about 1 to 14, as compared with the ratio of 1 to 8, which was apparent in February when we appeared before the Ways and Means Committee.

The labor content of our product, which we know from careful checking to be about 45 cents on the dollar, divided by 14, the ratio of 1 to 14 between wages in this country and wages in Germany, we get 3¼ cents; and therefore we pay 45 cents here for the same labor that the German pays 3¼ cents.

Assuming that the German cost of material used for lithographing is the same as ours, which it is not—but for the purpose of this illustration we will take it as equal—the German has the advantage by 41¾ cents; that is, as our labor content is 45 cents, we deduct 3¼ cents, which equals that 45 cents cost in this country, and we get 41¾ cents on each dollar of our cost.

We deduct this 41¾ cents from the American cost of $1 and we get 58¼ cents as the maximum German cost as against our dollar, basing their materials upon the same cost values as our material in this country, which it is not, and I will show you.

To equalize this competitive condition, a duty of 31¾ cents would be required on each 58¼ cents of German value, German product figured at cost; the 41¾ cents is 70 per cent of the 58¼. Under the Payne-Aldrich Act, all imports under the schedule yielded an ad valorem equivalent to 30 per cent. Our rates are specific, but the ad valorem yield was equal to 30 per cent. The 70 per cent required to equalize the labor alone at the present moment is two and one-third times the ad valorem yield under the Payne-Aldrich Act, and we bring that out to show you that our claim that we are entitled to double the Payne-Aldrich rates is justified by these exact facts regarding the labor element alone.

At the Ways and Means hearing in February statements were made in a brief filed by Mr. Steffens, of Steffens, Jones & Co., and Mr. Steffens is down here on your list to appear this afternoon, regarding the cost of production in Germany as compared with the cost of production in this country, in which he gives exact figures. I want to analyze these for you. They appear on page 3050, Part IV, Hearings before the Committee on Ways and Means; and if I show you that Mr. Steffens's different premises are wrong and his figures are wrong and not true and ours are true, I maintain that the conclusions reached in the earlier part of his brief are unreliable.

He states that sketches—the original sketch—before we can do any lithographic work we have to make an original artist's sketch—in America costs $20 and in Germany $23.

The actual cost of these sketches in this country averages about $65. They run from $50 to $100.

He states that the lithographing—that is, the actual work of putting the various colors on stone—the job is done in 10 colors and gold, and 11 separate stones must be drawn by the artist, 10 for the colors and 1 for the gold—he states that the cost is $85 in America and in Germany $95 to $100. The actual cost, taken from our records for putting that same work on stone is $300 to $400 in this

country, instead of $85, as he states. He states that the transferring of 1,504 square inches of labels that is presumed to be a sheet ready to print, in America is $4.25, in Germany $2.73. The actual cost for doing that transferring in this country is from $30 to $35 per transfer on a sheet of the size that he states.

He states that the printing is done in this country on a sheet 2,604 inches—which is a larger sheet than we print, by the way—is done here for $1.27¼. The actual cost per thousand sheets of printing is $8.50, or approximately, under the conditions under which it is done in this country; and in making that price of $8.50 cost I am figuring on the editions as they are printed, from 6,000 to 12,000 sheets.

The embossing of those labels, Mr. Steffens states, in America costs 12½ cents per thousand labels, in Germany 66⅔ cents. The actual cost of the embossing in America is 50 cents per thousand. He says that the original embossing plate is made in this country for $8.50 and in Germany for $18. The embossing plate is a metal die that is used to raise the gold and other portions of the label and give it an embossed effect. Those plates cost us here now and have cost us right along $15 and $20 for the simpler or common plates, and the more intricate and difficult plates cost even more than that.

He states that we emboss cigar bands in America on one-half sheets, 32 by 48, containing 846 bands, which is equivalent to 423 bands embossed at once. In Germany only 40 bands can be embossed at once against the 423 in America. Well, about 12 or 13 years ago we imported a very modern embossing press from Germany, which was the press presumed to be used by the makers of this kind of material in Germany, which embossed a one-fourth sheet at that time and covered approximately 150 bands. Those presses are in use in this country quite prominently at the present time.

Mr. Steffens states that the cutting of a thousand bands cost 2 cents in this country, and 4½ cents in Germany, because we cut 500 labels at once here and they only cut 50 labels at once in Germany. We do not cut 500 here. I think the largest amount that we cut—that we get in one cutting—is 250, but the actual cost is 8 cents per thousand and not 2 cents per thousand, as he states.

I maintain, therefore, that the figures that are given there as the cost of production are not true. Therefore, the conclusions are not reliable.

At the hearings on the Underwood bill some years ago, we pleaded for a tariff of at least equal to the Payne-Aldrich Act. The Underwood Act reduced the rate in one bracket from 8½ cents to 5 cents per pound, and the importations increased immediately from 245,000 pounds in 1913 to 1,331,000 pounds in 1914 and 1,740,000 pounds in 1915. Here was a reduction from 8½ cents a pound to 5 cents a pound which stimulated the importation of that material from 245,000 pounds, to 1,740,000 pounds in two years; and, mind you, that was the first two years of the war.

What are the German manufacturers doing now? Well, I presume they are doing what we would do under the same circumstances and what any other manufacturer would do under like conditions. They are taking advantage of the low cost of production in their country to sell in the high-priced country, and we are a high-priced country.

I have here some letters which I regret to say I am not at liberty to disclose the names of the writers, but I would like to read the con-

tents, and if there is any question about the statement I make in connection with this I shall be very glad indeed for you gentlemen to look at the correspondence. But I can not possibly give the name to whom addressed or the name by whom signed.

This is dated October 21, 1921, and I read it for the purpose of showing that in a very important item in our schedule the German manufacturer is making a definite and persistent bid at the present time for business in this country [reading]:

We would like to call your attention to the fact that as agents of several of the most prominent German lithographic firms we are again importing cigar bands and cigar labels sets from Germany, and are in a position to-day to deliver prewar quality, which, as you know, has set a standard for us. We have not approached you previously, as before enlarging the scope of our business we desire it to be certain that we could deliver the same unquestionably superior good quality as formerly.

The satisfaction which our product has given to our customers—among them are numbered some of the largest, best-known firms of this country—removes all such fears. In addition, to make assurance doubly sure we have arranged with our general agents in Berlin for the inspection and supervision of all such shipments. You can, therefore, be absolutely certain of the quality we will deliver to you.

Although the superior quality of the imported bands are recognized universally it is not so well known that due to the present foreign situation imported bands and labels of the same high quality as formerly can now be delivered on much more favorable terms than ever before.

We suggest that you send us a half dozen each of your current cigar bands and cigar label sets, indicating the quantity of each in which you are interested, in order that we may review our quotations on the same, which will convince you of the merit of our proposition.

Should you be interested in other lithographic articles, advertising posters, or the like, we would be pleased indeed to have the opportunity of quoting on your requirements. The mere enactment of the new high tariff and the uncertainty of the foreign exchange situation will certainly cause an advance in price. We therefore urge you to ask immediately, in order that we may book your order at the present low level.

Awaiting with interest the receipt of your reply, with samples, we remain,

Yours, very truly,

———— ————.

This customer asked for quotations on samples which they submitted and they got this reply under date of November 11 [reading]:

Thank you very kindly for the opportunity you are giving us in your letter of November 10 for quoting on your requirements.

And they quote here—I regret that I am not able to read the exact details here, gentlemen, because I do not want to identify this document—but they quote on 25,000 sets of labels, for what we call ins and outs, that is inside label and the outside label which constitutes a set, $11 per thousand.

We have estimated carefully the cost of making the identical labels in this country, and the cost, without profit, is $29.04 per thousand against their quotation of $11.

They offered 50,000 sets of the same labels at $9 per thousand, and our cost, without profit, is $20.30 per thousand.

They offer 100,000 sets of labels at $8, and our cost $15.88.

They say that "these prices are based on f. o. b." New York City, all duty and other expenses being paid.

Therefore, these people are able to lay down in New York labels at $11 a thousand in that quantity that costs us $29; at $9 that cost us $20.30; at $8 that would cost us $15.88; and it is because of the difference in the labor cost and the material cost in Germany that they can do that.

Senator McLean. Are you speaking of cigar labels now?

Mr. Saunders. I was there, Senator.

Senator McLEAN. Does that imply use for an expensive cigar?

Mr. SAUNDERS. It might be used for any cigar.

Senator McLEAN. Would it ordinarily be used for the expensive cigars? They have all kinds, I suppose, and I suppose there is a difference in the price of these labels.

Mr. SAUNDERS. There is, but there are expensive labels used for cheap cigars.

Senator McLEAN. What are you speaking of now?

Mr. SAUNDERS. Ordinary cigar labels printed in 10 colors, gold and embossed. These are rather uniform in detail.

Senator McLEAN. What would be the extent of that of a label on the higher priced cigars—how much more than you have indicated?

Mr. SAUNDERS. Probably not more than we have indicated, when the profit was added, Senator.

We have stated here that the labor element in the dollar in this country is 45 cents; but the balance of 55 cents is for materials.

Right here I want to say that you speak of "raw materials" in the lithographic business, which is a misnomer, because we use no raw materials; we use paper and ink, and the paper and ink come to us in the manufactured condition. Therefore, the manufacturing of that paper and ink in Germany pays the German wage, and at the wage content of the finished product yields a German wage profit throughout. The paper is made from the tree in the forest in Germany, just the same as it is here, and the cost of the conversion into paper is mainly labor. The dyes and inks and bronze that are used in printing come from the mines, and the cost of the raw material is infinitesimal, but the cost of conversion is chiefly a labor cost.

The machinery used for the manufacturing comes from the iron mines, and again the cost of the original raw material is very small and the cost of conversion is chiefly a labor cost, and they get the benefit of that in the raw material to the same extent that they get it in the manufacturing and the printing of the labels, after those papers and inks and machinery have been supplied.

The point I want to make there is that we have shown that the difference in the labor cost alone is 70 per cent, or two and one-third times the yield under the rate that we were guaranteed under the Payne-Aldrich Act, and that if we were to add to that the difference in the material cost we would be entitled to a very much higher rate.

We have no desire to ask you for a rate sufficient to prohibit importations or to adequately protect us. We are trying to show you that we are justified in asking for double the Payne-Aldrich rates.

Senator McLEAN. What do the bands cost?

Mr. SAUNDERS. They cost 35, 40, and 50 cents a thousand.

Senator SMOOT. Do you want double the rates provided in the Fordney bill?

Mr. SAUNDERS. Yes, sir.

Senator SMOOT. That is, all the way through?

Mr. SAUNDERS. Yes, sir.

Senator SMOOT. Every item in paragraph 1310?

Mr. SAUNDERS. Yes, sir. Gentlemen, that will not equalize completely the German advantage over us to-day; we do not expect to get that; we have no desire to get that kind of advantage.

Senator SMOOT (presiding). Have you got a brief?

Mr. SAUNDERS. I have not, but I should like to file one later.

Senator SMOOT. You will have that privilege.

Mr. SAUNDERS. I want to bring to your attention one or two changes and amendments which we would like to have in this bill as it has been published.

Senator SMOOT. Why not put them in your brief?

Mr. SAUNDERS. I would be glad to do it, but if you will permit me for a moment, we would like to explain the reasons why we want it, because I think it is important, and I might not be able to explain it in the brief so well.

This is an amendment to paragraph 1306, page 142, line 15, after the word "bands" insert "not exceeding 10 square inches cutting size in dimensions."

You have provided here, "but no extra duty shall be assessed on labels, flaps, and bands for embossing and die cutting."

Just above that it provides for not exceeding 10 square inches, and this correction is necessary to make that provision correct.

On page 143, line 8, after the word "pound", strike out the comma and insert a colon. That is necessary, because the wording following reads, "And in addition thereto on all the said articles exceeding eight one-thousandths and not exceeding twenty-one one-thousandths of an inch in thickness, if either die cut or embossed." The comma would only refer to that portion of the preceding text in line 4 the semicolon.

Senator SMOOT. That is all it should be.

Mr. SAUNDERS. No; it should go back to the entire paragraph, because it is all of the paragraph.

Senator SMOOT. That will not do it, then.

Mr. SAUNDERS. If we insert a colon there?

Senator SMOOT. I thought you said "semicolon."

Mr. SAUNDERS. We asked the Ways and Means Committee for 3 cents per pound in line 11, page 143, 6 cents per pound in line 12, and 12 cents per pound in line 13, and we would like to have those figures restored, or rather substitute for those figures.

Senator SMOOT. Line 12 what do you want?

Mr. SAUNDERS. In line 12, 6 cents, and in line 13, 12 cents.

Senator SMOOT. That is, only 6 cents instead of 1 cent—that would be 600 per cent increase over what the House gave you?

Mr. SAUNDERS. Yes. But I do not think you quite understand the situation, gentlemen. That item takes care of a label which is embossed and die cut. In other words, we have a piece of paper this size [illustrating] that is printed and made in 10 colors and gold, and it would weigh, so many of them, so many pounds. We add the work of embossing to that, and we then die-cut away perhaps half of this paper, and the effect of that is to add much labor expense to this article, and by die cutting we lighten the article so that in effect you get a very materially lighter weight on which duty is paid, and the rates we ask for there do not adequately protect us in that, but they do to some extent take care of that item.

If you have a thorough understanding of that situation, you would see the justice of that.

We suggest that section IV F, subsection 1, of the act of October 3, 1913, be amended so that the first sentence thereof shall read as follows:

All individual articles of foreign manufacture or production which are capable of being marked, stamped, printed, or labeled without injury and all individual cigar

labels and bands shall be marked, stamped, printed, or labeled in legible English words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin.

The language of the Payne-Aldrich Act was regarded as broad enough to cover cigar labels and bands, but the Secretary of the Treasury rules that some labels and bands need not be so marked, and it now becomes necessary to add those words to accomplish the original intent of the law.

As I have already explained to you, gentlemen, the doubling of the rates of the Payne-Aldrich and the House bill will not equalize the difference in labor charge alone, leaving out the question of materials on which the same differential exists.

We regard the situation in Germany as somewhat temporary possibly, and we are perfectly willing to take a chance on the future. We know that large additional quantities of German goods are being sold in this country, and we will be met with that competition.

This is a special field requiring highly skilled labor. We have to educate it, and we are in competition more largely with Germany, almost exclusively with Germany. Germany is the home of lithography; it is where it started; it is where they have encouraged it; it is where they have schools, Government aid to help in every particular, and we want your consideration in that respect. You know what these goods are used for. They cover the peaches, canned goods, raisins, and other products of the Pacific coast, and they cover the meats of Chicago, they cover the apples of Oregon, and they cover the fruits and vegetables of New York and Maine, and they cover the various kinds of packages of confectionery and other things that are marketed exclusively under brand names, and the lithograph protects the trade-mark and the brand. It is also used extensively to advertise various commodities and implements, harvesters and reapers, shirts, collars, suits and overcoats, covers of magazines, etc.

If it is your pleasure, the representative of the international organization who represents the employees in the lithographic industry is here and would like to be heard, and we should like to have you hear him. If you are interested, we have samples here showing the product.

(Mr. Saunders thereupon exhibited numerous samples of product referred to to the committee.)

Senator LA FOLLETTE (presiding). What is the total value of the lithographic label and print, except postal cards, manufactured in this country, if you know?

Mr. SAUNDERS. I can not tell you that.

Senator LA FOLLETTE. It is very large, I suppose.

Mr. SAUNDERS. I do not know that it is so large. It is a specialized field, Senator, but it is divided up into many items and we have not made any attempt to separate it in that way.

Senator LA FOLLETTE. I see the value of imports for 10 months, 1921, were $670,000.

Mr. SAUNDERS. Yes; but you must realize they have only just commenced to ship stuff in here and it is coming in now in large quantities, we know, in certain particulars, and you will see those imports grow enormously if we do not get some reasonable advance.

You realize, according to that statement in your hands, that it has grown 400 per cent in two years.

Senator LA FOLLETTE. What were they before the war?

Mr. SAUNDERS. I can not tell you.

Senator LA FOLLETTE. They were $458,000 in 1920 and $670,000 in 1921; that is, total imports of lithographic prints except postal cards?

Mr. SAUNDERS. Yes. But we have a large element in samples like these [indicating]. Mr. Graham, who spoke to you this afternoon, showed me a large number of books which lie in New York to-day from Germany, or marked inside, "Printed in Bavaria," to be sold in this country.

Senator LA FOLLETTE. I thought you were speaking particularly of lithographic labels?

Mr. SAUNDERS. We are interested in the entire lithographic schedule, because we are interested in printing these things in this country instead of having them printed in Germany.

Senator LA FOLLETTE. I see "books, maps," etc., and other printed matter has fallen off in value since 1920 about 20 per cent.

Mr. SAUNDERS. That may be true, because of the fact that they have not gotten started and gotten their lines out; but you take calendars. This [indicating] is the kind of work that will come in in large volume again.

This is a work of art that is done in a number of establishments in this country and is the only kind of reproduction process that permits their getting into the homes of working people—illustrations of our masterpieces of various kinds that are attractive and are within their means.

Senator CALDER. This [indicating] is German made?

Mr. SAUNDERS. No; that is American made.

Senator CALDER. It did not increase any in 1911, 1912, and 1913; they were just about holding their own before the war.

Mr. SAUNDERS. That was under the Payne-Aldrich rates, but they did increase after the Underwood rates went into effect, Senator.

Senator CALDER. No; they did not—1912?

Mr. SAUNDERS. If you will examine the bracket that covers the 8½ cents per pound rate you will see a very large increase.

Senator CALDER. The total value of lithographic prints, books, music, maps and engravings, etchings, etc., 1911, $6,600,000; 1912, $6,600,000; 1913, $6,100,000. If you take the lithographic label, 1911, $2,400,000; 1912, $1,835,000; 1913, $1,697,000; 1914, $1,532,000.

Mr. SAUNDERS. At that time, Senator, the wages in Germany were about $5 a week, and here they averaged $20 to $21. At the present time wages in Germany are $3 per week and here $43.50 a week. We have got about 50,000 people engaged in this industry throughout the country. We have an extraordinarily high type of man. We want to keep that man well paid; we want to make our industry attractive to those men of skill. We want to bring in the young man who wants to learn the business and who is willing to serve as an apprentice, who is willing to get into a business that pays a high wage. This Congress is encouraging the paying of a high wage, which insures good living conditions to the working men, and we want simply enough to protect us in some measure in being able to continue the establishments that we have here and the employment of this especially skilled labor. We are not asking for any-

thing else; we do not ask you to make it prohibitive; we do not ask you to even equalize it fully. We will take our chance on the future. But we do think we are entitled to double the rates that we had under the Payne-Aldrich Act.

BRIEF OF MAURICE SAUNDERS, REPRESENTING THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS.

1. ITEMS, PARAGRAPHS, RATES, AND REASONS.

(*a*) Items: Lithographic products, e. g., fancy box covers, souvenir and view cards, reproductions of works of art, calendars, advertising specialties, cigar bands and labels, and a multitude of other different products.

(*b*) Paragraphs referred to: Under the act of 1909, paragraphs 412 and 416 principally; under the act of 1913, paragraphs 325 and 329 principally; under so-called Fordney tariff bill, as passed by the House in 1921, Schedule 13, paragraphs 1303, 1306, and part of 1310; special provision 307.

(*c*) Rates: Pictures, calendars, cards, booklets, labels, flaps, cigar bands, placards, and other articles, composed wholly or in chief value of paper lithographically printed in whole or in part from stone, gelatin, metal, or other material (except boxes, views of American scenery or objects, and music, and illustrations when forming a part of a periodical or newspaper, or of bound or unbound books, accompanying the same, not specially provided for in this section), shall pay duty at the following rates:

Classification.	Per pound rate under act of 1909.	Proposed rate.
1. Labels and flaps printed in less than 8 colors (bronze printing to be counted as 2 colors), but not printed in whole or in part in metal leaf	$0.20	$0.40
2. Cigar bands of the same number of colors and printings	.30	.60
3. Labels and flaps printed in 8 or more colors (bronze printing to be counted as 2 colors), but not printed in whole or in part in metal leaf	.30	.60
4. Cigar bands of the same number of colors and printings	.40	.80
5. Labels and flaps printed in whole or in part in metal leaf	.50	1.00
6. Cigar bands printed in whole or in part in metal leaf	.55	1.10
7. All labels, flaps, and bands not exceeding 10 square inches cutting size in dimensions, if embossed or die-cut, shall pay the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings	.....	.....
8. Booklets	.07	.14
9. Books of paper and other material for children's use, not exceeding in weight 24 ounces each	.06	.12
10. Fashion magazines or periodicals printed in whole or in part by lithographic process, or decorated by hand	.08	.16
11. Booklets, decorated in whole or in part by hand or by spraying, whether or not lithographed	.15	.30
12. All other articles than those hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of 1 inch in thickness	.20	.40
13. Exceeding eight and not exceeding twenty one-thousandths of 1 inch in thickness, and less than 35 square inches cutting size in dimensions	.085	.17
14. Exceeding 35 square inches cutting size in dimensions	.08	.16
15. Exceeding twenty one-thousandths of 1 inch in thickness	.06	.12
16. Decalcomanias in ceramic colors, weighing not over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions	[1] .70	[2] 1.40
17. Weighing over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions	[1] .22	[2] .44
18. If backed with metal leaf	.65	1.30
19. All other decalcomanias, except toy decalcomanias	.40	.80
20. Views of any landscape, scene, building place, or locality in the United States (except show cards), on cardboard or paper, not thinner than eight one-thousandths of an inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process, except show cards occupying 35 square inches or less of surface per view, bound or unbound, or in any other form	.....	.....
21. No thinner than eight one-thousandths of an inch (pounds)	[3] .15	[4] .30
22. Thinner than eight one-thousandths of an inch (thousands)	[5] 2.00	[5] 4.00

[1] And 15 per cent ad valorem.
[2] And 30 per cent ad valorem.
[3] Plus 25 per cent.
[4] Plus 50 per cent.
[5] Per thousand.

(*d*) Reasons for rates suggested: In our brief filed with the Ways and Means Committee in February, 1921, we made substantially the following statements:

In a unit of American value costing $1 to manufacture 45 per cent of the cost is paid for labor, or 45 cents. Using the letter marked "Exhibit A," from Mr. Groves, American trade commissioner at Zurich, Switzerland, dated January 18, 1921, addressed to the Bureau of Foreign and Domestic Commerce, as our authority, together with corroborative information from many other sources, it is apparent that the present prevailing rate of wages in Germany paid to skilled lithographic workmen is something less than $5 per week. The average American scale of wages paid to the same class of employees is something over $40 per week. In other words, the German labor cost is something less than one-eighth of the American labor cost. Taking the American labor cost in the dollar unit of American product, which is 45 cents, and dividing it by 8, we have the German labor cost for the same product of approximately 5½ cents, or a saving to the German manufacturer of 39½ cents on the dollar in labor cost. Deducting this amount from the unit of value of $1, we have the total German cost, disregarding the German's advantage in the purchase of raw material, of 60½ cents. To bring this cost up to the American cost of $1 by the addition of 39½ cents is equivalent to a percentage increase of 65 per cent, or, in other words, an ad valorem equivalent of 65 per cent (39½ is 65 per cent of 60½). The statistics of the Department of Commerce in relation to imports under the act of 1909 shows that the ad valorem equivalent realized under the specific rates were 30 per cent or less, on an average, considering the important brackets under which most of the importations were brought in. In other words, under the present prevailing wage differentials the duty must be doubled in order to realize the same amount of protection as that experienced under the act of 1909. This is our justification for the rates proposed in the above schedule.

Since the above statements were made to the Ways and Means Committee in the spring of 1921 investigation shows that the present rate of German wage is $3. A careful compilation of American statistics shows that the average American wage paid to skilled workers is actually $43.50 instead of $40, the amount assumed on less complete evidence.

Approaching the matter from another angle, the ratio of wages in Germany to wages in the United States during the prewar period was approximately 1 to 4. The ratio of prevailing wages is 1 to 14. This also establishes the necessity for double the protection at the present time over what it was during the prewar period.

The duty adds nothing to the cost to the ultimate consumer, e. g., the banker will pay the same rate to his depositor, even though the manufacture of the calendar which he distributes was protected; a cigar will continue to sell at the same price, even though the band upon it was adequately protected; and so in the case of the package of chewing gum and a multitude of other articles.

The relationship between American wages and wages in countries other than Germany—as, for example, Austria, France, and Japan—is approximately the same as the relationship between American wages and German wages. The prevailing rate of these other countries, however, is not of so much importance as in the instance of Germany, because an overwhelming proportion of all lithographic importations come from Germany. Japan is, however, forging ahead and is prepared to play an increasingly important rôle in the exportation of such products to America.

2. IMPORTANCE OF THE INDUSTRY, ITS DEVELOPMENT, FUTURE PROSPECTS, AND NUMBER OF EMPLOYEES AFFECTED.

This industry furnishes most of the advertising matter for the stimulation and carrying on of American trade, with the principal exception of type-printing, newspaper, and magazine advertising. It is the chief industry which popularizes art. It multiplies the masterpieces of the world and places them in the homes of the masses. It originated in Germany, perhaps, something over a hundred years ago, and realized its highest development under the protective tariff of the Republican Congress of 1909. Except for the influences of the World War, the American lithographic industry would have been utterly destroyed by the failure to protect it under the act of 1913. One class of importations in the one year following the Underwood tariff were 400 per cent increase over the last year under the act of 1909. (See statistics of imports and duties, p. 763, No. 3549.)

Speaking of raw materials in the manufacture of lithographs is to use a misnomer. The so-called raw materials of the lithographer are manufactured articles which are principally paper and ink. These raw materials are manufactured in Germany for use by the German lithographer, just as they are manufactured in the United States for use by the American lithographer. The German lithographer in purchasing the so-called raw materials enjoys the same favorable advantage in the matter of price as he does in the matter of labor cost. The cost of German labor is approximately one-

fourteenth of the cost of American labor in all lines, so that the 60 per cent ad valorem equivalent required to protect the American manufacturer in his labor cost might, with entire justice, be urged as a necessary differential to protect the American manufacturer against the other one-half of the cost of the product, which is the raw material cost.

There are about 650 lithographic manufacturing establishments in the United States, and approximately 60,000 employees depend upon the business for their livelihood, of whom approximately 40 per cent consist of skilled labor.

3. DOMESTIC PRODUCTION COSTS, WAGES, AND SUCH COSTS COMPARED WITH FOREIGN COSTS, DUMPING AND OTHER HURTFUL PRACTICES.

We have stated the wage differentials under subdivision 1. The raw material of the German lithographer being manufactured in Germany can be purchased by the German lithographer at the same relative advantage over the American lithographer as the German purchases his labor.

Peculiarities of the lithographic trade make it susceptible for German lithographers to dump excess editions in the United States at far less than the original unit value in Germany. For example, it may cost hundreds of dollars to draw the designs and place the engravings upon stone which are necessary for the manufacture of a calendar. If an edition of 5,000 for German home consumption were struck off and the cost of the designs and engravings charged against this edition, it would bring the unit cost of each calendar up to, say, 25 cents. By running off an additional 5,000 for American sale and not charging against the additional quantity any part of the sketch or engraving cost, a profit could be made by selling them in America for, say, 10 cents each, and in this way the American lithographer would be competing not only with low German costs but against an importation to which none of the large cost of sketches and engravings had been charged.

On the other hand, the deceptive character of some instances which have been urged in the past upon prior tariff hearings by importers with the idea of showing that Germany was not in fact substantially underselling the American manufacturer is illustrated by the following instance: On one hearing an importer stated that certain little holly tags used for Christmas packages had been obtained in this country for $1.25 per thousand, whereas he had an invoice to show that an importation from Germany, consisting of 30,000, had cost over $3 per thousand. When this illustration was run to the ground, it was found that the Niagara Lithographing Co., of Buffalo, N. Y., was the American manufacturer referred to and had bid upon 7,000,000 of the tags at $1.25 per 1,000 and had declined the order when the prospective purchaser wanted to reduce it to 2,000,000. It is perfectly apparent that the original cost of preparing the plates and engravings had to be charged against the small quantity of 30,000 in the one case and was distributed over 7,000,000 in the other case.

As we have said before, the manufacture of lithography is so complicated and the unit costs depend so much upon the cost of the original sketches and engravings, which varies within wide limits, and so much upon the size of the edition that illustrations are misleading unless all the elements are absolutely disclosed. The fundamental facts, which can not be disputed and which absolutely fix the competitive conditions, are that the American workman gets more than 10 times as much as the German workman and the American lithographer pays much more for his raw material than the German is compelled to pay, because of the fact that in the raw material labor is also the principal element of cost.

The value of the tree standing in the forest is but an insignificant part of the value of the paper when it is placed upon the printing press, and all the intervening cost, consisting of cutting the tree, hauling it, grinding it into pulp, manufacturing it into paper, and delivering it to the lithographer, is labor.

4. SUGGESTIONS AS TO CHANGES IN CLASSIFICATION AND PHRASEOLOGY.

Our suggestion is that section 325 and section 329 of the act of 1913 be rewritten so as to read as follows:

"Pictures, calendars, cards, booklets, labels, flaps, cigar bands, placards, and other articles, composed wholly or in chief value of paper, lithographically printed in whole or in part from stone, gelatin, metal, or other material (except boxes, views of American scenery or objects, and music, and illustrations when forming part of a periodical or newspaper, or of bound or unbound books, accompanying the same, not specially provided for in this section), shall pay duty at the following rates: Labels and flaps, printed in less than eight colors (bronze printing to be counted as two colors), but not printed in whole or in part of metal leaf, 40 cents per pound; cigar bands of the

same number of colors and printings, 60 cents per pound; labels and flaps printed in eight or more colors (bronze printing to be counted as two colors), but not printed in whole or in part of metal leaf. 60 cents per pound; cigar bands of the same number of colors and printings, 80 cents per pound; labels and flaps, printed in whole or in part of metal leaf, $1 per pound; cigar bands, printed in whole or in part of metal leaf, $1.10 per pound; all labels, flaps, and bands not exceeding 10 square inches cutting size in dimensions, if embossed or die-cut, shall pay the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings; booklets, 14 cents per pound; books of paper or other material for children's use, not exceeding in weight 24 ounces each, 12 cents per pound; fashion magazines or periodicals, printed in whole or in part by lithographic process, or decorated by hand, 16 cents per pound; booklets, decorated in whole or in part by hand or by spraying, whether or not lithographed, 30 cents per pound; decalcomanias in ceramic colors, weighing not over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions, $1.40 per pound and 30 per centum ad valorem; weighing over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions, 44 cents per pound and 30 per centum ad valorem; if backed with metal leaf, $1.30 per pound; all other decalcomanias, except toy decalcomanias, 80 cents per pound; all other articles than hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of 1 inch in thickness, 40 cents per pound; exceeding eight and not exceeding twenty one-thousandths of 1 inch in thickness, and less than 35 square inches cutting size in dimensions, 17 cents per pound; exceeding eight and not exceeding twenty one-thousandths of an inch in thickness and 35 square inches and over cutting size in dimensions, 16 cents per pound; and in addition thereto on all of said articles, if either die-cut or embossed, 3 cents per pound; if both die-cut and embossed, 6 cents per pound; exceeding twenty one-thousandths of 1 inch in thickness, 12 cents per pound: *Provided*, That in the case of articles hereinbefore specified the thickness which shall determine the rate of duty to be imposed shall be that of the thinnest material found in the article, but for the purposes of this paragraph the thickness of lithographs mounted or pasted upon paper, cardboard, or other material shall be the combined thickness of the lithograph and the foundation on which it is mounted or pasted.

"Books of all kinds, bound or unbound, including blank books, slate books, and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing, and not specially provided for in this section, 50 per centum ad valorem. Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of 1 inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying 35 square inches or less of surface per view, bound or unbound, or in any other form, 30 cents per pound and 50 per centum ad valorem; thinner than eight one-thousandths of 1 inch, $4 per thousand."

Our reasons for rewriting the sections are principally as follows:

In the act of 1909 there was an additional duty levied for die cutting and embossing as we have indicated in subdivision 1 of this brief. These operations are the result of labor and not in any part the result of raw material. The difference in labor cost in this operation should be protected. In die cutting a large amount of paper is frequently cut away, and where a specific duty is levied upon the weight of the articles the cutting away of the paper actually reduces the duty paid, although the value of the articles has been enhanced by additional labor. For instance, in the case of a holly wreath, or cigar band (or any similarly fancy die-cut product), with a large part cut away, it may be that half of the duty has been eliminated by the decrease in weight. The American lithographer has to pay for the paper that he cuts away, and he has to pay in addition for the labor in making the die and for the die cutting, and yet by this very operation the German saves perhaps a half of the duty. Instead of saving any part of the duty he ought to pay more than he would pay for the same article not die cut, because the cost and selling value have been increased. In the case of embossing the same argument with reference to enhanced labor cost applies.

5. SUGGESTION FOR AN ADMINISTRATIVE CHANGE.

We suggest that Section IV-F, subsection 1, of the act of October 3, 1913, be amended so that the first sentence thereof shall read as follows:

"All individual articles of foreign manufacture or production which are capable of being marked, stamped, printed, or labeled without injury *and all individual cigar labels and bands* shall be marked, stamped, printed, or labeled in legible English words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin."

The italic portion is the amendment by way of additional words. Under this subsection the Secretary of the Treasury is given the power to prescribe the necessary rules and regulations to carry out this provision. The Secretary of the Treasury has ruled that individual cigar bands and labels need not bear this imprint. Under prior laws these bands and labels did bear these individual imprints without injury. There is no valid reason for excepting them from the general provisions of law by a departmental regulation.

Steffens, Jones & Co., importers, filed a brief before the Ways and Means Committee in which they have not stated the facts correctly; so, of course, their conclusions are wrong.

STATEMENT OF EMIL STEFFENS, REPRESENTING STEFFENS, JONES & CO., NEW YORK, N. Y.

Mr. STEFFENS. I simply want to file a brief.

NEW YORK, N. Y., *August 29, 1921*.

Hon. BOIES PENROSE,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: We submitted briefs dated February 2, 26, and June 7 last to the Ways and Means Committee of the House of Representatives setting forth our contentions for reducing of the present tariff rates on cigar labels, flaps, and bands in the coming tariff bill now under consideration so as to permit of further importation of these articles and beg to summarize our contentions as follows:

1. At the hearings before the Ways and Means Committee in 1913 it was set forth in the briefs submitted by Louis C. Wagner & Co., New York, page 4895 of the hearings, 1913; Möller, Kökeritz & Co., New York, page 4896 of the hearings, 1913; Steffens, Jones & Co., New York, page 4914 of the hearings, 1913, that the tariff rates then prevailing on cigar labels, flaps, and bands were prohibitive and would in comparatively short time make further importation of such goods impossible.

This was substantiated in the brief submitted by Wolf & Co., Philadelphia, page 4893 of the tariff hearings, 1913, wherein was shown that whereas the import of cigar labels, flaps, and bands in 1907 had amounted to $334,891, it had decreased under the Payne-Aldrich law in 1911 to $165,818.

2. That the American per unit cost of production of these goods was not higher than the per unit cost of the German product, owing to the greater skill of the American workman, superior methods, and superior machinery which brought the per unit cost of the American production below the per unit cost of the German production, notwithstanding the much higher wages paid in America. We attach a summary of the comparative cost of production in America and Germany taken from the brief submitted by Möller, Kökeritz & Co., January, 1913, printed on page 4914, and add:

"The American lithographers now use rotary presses together with flatbed presses whereby the production has increased from 33,000 sheets to 55,000 sheets or more per week. This has considerably reduced the American cost of printing."

3. That American lithographers sold their labels in Canada, Holland, England, and even in Germany in successful competition with the German goods. This could not be done if the cost of production was higher in America, as is constantly claimed and repeated by the American lithographers.

4. The cost of bronze printing is justly counted as two colors.

5. That the quantity of imported cigar labels, flaps, and bands was less than 11 per cent of the total consumption of such goods in America, and could therefore not unduly influence wages or work in America.

The cost of labor as well as of raw materials has increased enormously in Germany, and the production has decreased on account of inefficient labor. The decreased value of the German currency gives this currency a corresponding low purchasing value and necessarily increases the cost of production more in favor of American producers.

Paper used for cigar labels, flaps, and bands is manufactured from rags which, as far as Germany is concerned, are imported, and before the war were largely imported from America.

Copper, which is used in the manufacture of bronze, metal leaf, and embossing plates, must be imported and is mostly imported by Germany from the United States.

Printing inks are manufactured in Germany as well as in the United States, and it is claimed that American inks are as good as any that are made in other countries.

Other raw materials used in the manufacture of cigar labels, flaps, and bands, such as rubber, varnishes, and oils, must also be imported by Germany.

It is a fact that Germany must import the greater part of raw materials used in the manufacture of cigar labels, flaps, and bands. The American increase in wages has been greatly offset through greater production caused by the use of larger presses and rotary presses, the latter printing 55,000 sheets per week against 33,000 sheets on flat-bed presses.

It was claimed by the American Association of Employing Lithographers before the Ways and Means Committee February last that the labor represented 45 per cent of the cost of production. This was erroneous as far as cigar labels, flaps, and bands are concerned, and we give herewith the comparative percentage of total cost of production for American and German manufacture of cigar labels, flaps, and bands.

Cost of production.

	American.	German.
	Per cent.	*Per cent.*
Wages	28.7	35.3
Paper	39.0	29.6
Materials	1.3	2.5
Insurance, rent, power	5.5	8.0
Inks	3.6	11.6
Bronze	2.8	
Superintendence	5.0	2.7
Repairs	2.1	2.5
Depreciation	2.5	2.0
Proportion of general administration expense applicable to manufacturing	9.5	5.8
	100.0	100.0

The American scale of percentage of cost, as shown above, is from a cost system arrived at by the domestic lithographers manufacturing cigar labels, flaps, and bands. The German scale is from German lithographers manufacturing cigar labels, flaps, and bands.

DIE CUTTING AND EMBOSSING.

At least 95 per cent of all cigar bands are embossed and die cut. For this reason the duty on bands is higher than on labels.

On the American embossing machines one-half printing sheet (42 by 62 inches) is embossed. This size, 42 by 31 inches, contains 21 labels 6 by 10 inches, or 423 bands which are embossed at one time, whereas in Germany one label or 40 bands are embossed at one time.

This shows the saving in labor by the American lithographer. The German lithographer considers such work incomprehensible, and an attempt to introduce American embossing machines has been met with the remark that the quality of their goods would be lowered by such quantity work and that their embossers protest against the use of such machines.

For years we have handled domestic and imported cigar labels, flaps, and bands for the cigar-manufacturing trade and positively know that the selling prices of the domestic goods are considerably lower than the prices of the imported, as already stated.

The present rates on cigar labels, flaps, and bands, viz:

Cigar labels and flaps printed in less than eight colors and bronze, 15 cents per pound; bands, 20 cents per pound.

Cigar labels and flaps printed in eight or more colors and bronze, 20 cents per pound; bands, 25 cents per pound.

Cigar labels and flaps printed in whole or part of metal leaf, 35 cents per pound; bands, 40 cents per pound—

will permit of the importation of about 10 per cent of the consumption of such goods and produce a revenue approximately as under the tariff law of 1898, whereas an increase of the present tariff rates will put an embargo on further importation of such goods.

Considering the fact that this industry, cigar labels, flaps, and bands, does not require any tariff protection so as to flourish, a judicious lowering of the present rates will produce increased revenue without causing any material loss to the American lithographers and labor, and we therefore submit the following rates as just and equitable:

Cigar labels and flaps printed in less than eight colors and bronze, 10 cents per pound; bands, 15 cents per pound.

Cigar labels and flaps printed in eight or more colors and bronze, 15 cents per pound; bands, 20 cents per pound.

Cigar labels and flaps printed in whole or part of metal leaf, 30 cents per pound; bands, 35 cents per pound.

MARKING.

The committee's attention is called to the suggested administrative change of section 4–F, subsection 1, of the tariff act of 1913 and section 7 of the tariff act of 1909.

The addition of the words "and all individual cigar labels and bands shall be marked" makes it mandatory for each cigar band to be marked with the name of the country of origin, not at the end of the same, which will be covered subsequently, but in the center or on the side of the band. This would destroy the manufacturer's trade mark and absolutely prohibit any further importation of such goods; it would lead the consumer to believe that the cigar was not made in this country. The cigar is sold to the consumer, not the labels, flaps, or bands.

The first addition of the word "individual," i. e., "all individual articles" etc., seems superfluous. Its aim is to justify its subsequent use in reference to cigar labels and bands.

The proposed change is a "joker." It looks innocent and is based upon not being analyzed by the committee. It specifically orders all individual cigar labels and bands to be marked whether it is feasible or not, and whether it is injurious to the consumer or not, so as to exclude further importation of such goods and to create a monopoly for domestic lithographers.

The following copy of brief as well as a letter from a prominent cigar manufacturer were submitted by us to the Customs Division, Treasury Department, and to the House subcommittee of Schedule M.

Respectfully,

MÖLLER, KÖKERITZ & CO.
E. W. KÖKERITZ.
STEFFENS, JONES & CO.

NEW YORK, N. Y., *May 23, 1921.*

CUSTOMS DIVISION,
Treasury Department, Washington, D. C.

GENTLEMEN: The New York customs department informed us of its ruling that cigar bands are considered "containers" and must be marked with the name of the country of origin.

We have been engaged in the importation of cigar labels and cigar bands from Germany for many years prior to the late European war, and have lately resumed the importation of such goods. Our trade is with the cigar manufacturers. The bands represent their trade-marks through their design and imprints and protect the manufacturer from imitators when the cigars, contained in the boxes, are banded with their trade-marked bands.

We understand that the reason for marking foreign-manufactured goods with the name of the country of origin is for the protection of the consumer of such goods, so that he shall not be misled as to the country in which the goods have been manufactured.

The cigar manufacturers are the ultimate consumers of our goods, and our goods are marked as follows: One hundred bands contained in a bundle marked "Germany." These bundles packed in boxes marked "Germany." This marking excludes any deception as to where the goods were manufactured. We notified our customers of the department's last ruling and were informed that this would endanger further importation. The importation of cigar labels, flaps, and bands has never amounted to more than a small fraction of the total consumption of such goods, and this fraction will be greatly endangered should the department finally decide that the present marking, as specified above, is not sufficient protection for the consumers of our goods.

Respectfully,

IMPORT LITHO. CO.
MOLLER, KÖKERITZ & CO.
STEFFENS, JONES & CO.

NEW YORK, *May 24, 1921.*

Messrs. STEFFENS, JONES & CO.,
36 East Twenty-third Street, City.

GENTLEMEN: With reference to your statement that imported cigar labels and bands must be imprinted with the name of the country of origin, I regret to inform you that I shall be obliged to cancel the orders for cigar bands which I have placed with you.

You will remember that the orders were given with the understanding that the bands should have no other printing than my design or trade-mark, and that I gave my reason for this stipulation.

My customers, the retail cigar dealers, maintain that the smoker believes that the cigar has been manufactured in Germany if the band has the imprint "Germany" on it. This is misleading to the consumers of my goods and is injurious to me who, in fact, is the ultimate consumer of the labels and bands purchased from you or others.

I shall be obliged to depend upon domestic lithographers for these supplies.

Very truly, yours,

SIMON BATT & Co.

COST OF PRODUCTION.

Sketches.—Original sketch, American, $20; German, $23.

Lithographing.—Putting on stone, American, $85; German, $95 to $100.

Transferring.—1,504 square inches labels, American, $4.25; German, $2.73.

Printing.—1,000 sheets (2,604 square inches), American, $1.27½; German, $1.23¾.

Embossing labels.—1,000 labels, American, 12½ cents; German, 66⅔ cents. Original embossing plate, American, $8.50; German, $18.

Embossing bands.—One-half sheet, 32½ by 48 inches, containing 846 bands, equivalent to 423 bands embossed at once in America; 40 bands only can be embossed at once in Germany against 423 in America.

Cutting.—Cutting of 1,000 bands, American, 2 cents (500 labels are cut at once); German, 4½ cents (50 labels are cut at once.)

STATEMENT OF PHILIP BOCK, INTERNATIONAL PRESIDENT AMALGAMATED LITHOGRAPHERS OF AMERICA, NEW YORK, N. Y.

Senator LA FOLLETTE. Give your name and residence to the reporter, and state for whom you speak.

Mr. BOCK. I speak for the lithographers, and when I say "lithographers" I mean the men who earn a livelihood in the lithographic industry.

I might say the number I represent throughout the United States is approximately 9,000, upon whom at least 60,000 workmen depend for a livelihood. Mr. Saunders has thoroughly gone over the ground with you, and showed you that the Fordney bill which is now before you, known as the tariff act of 1921, does not give to the lithographic industry the protection absolutely necessary.

I presented a brief before the Ways and Means Committee, wherein I requested 100 per cent over and above the Payne-Aldrich bill of 1909. The request has not been granted, but I do hope that, after giving this careful consideration, you will do for the lithographic workmen of this country the one thing which will protect the lithographic workman, the one thing which will protect him and his family from poverty and starvation.

Mr. Saunders has shown to you that the foreign lithographers are at the present time quoting prices which are far below the cost of production in this country. That is a fact.

We have also here quoted on page 60, on paragraph 1305, in the third line from the bottom, the following: "Wet transfer paper or paper prepared wholly with glycerin or glycerin combined with other materials, containing the imprints taken from lithographic plates, 30 per centum ad valorem.

That, gentlemen, if it was rightly understood by you—the ad valorem of 30 per cent is absolutely insignificant. It amounts to nothing, pure and simple. We will take, for illustration, and will show you what it means: We will say a drawing made the same as

that picture [indicating], which may cost in art work alone something in the neighborhood of $5,000. Ten impressions can be taken from those originals upon what they call transfer paper, put into a little tin box, forwarded on to this country, and the numbers of impressions printed therefrom. What does that mean? That means that the artist employed in America must walk the streets instead of having employment at the time when this artist in Germany has put in that time and drawn a salary far below the salary paid to the lithographer of America. All down the line it means the same identical thing in every one of the departments.

We find at the present time great unemployment in the lithographic industry. Due to what? Due to the importation into this country, or at least the proposed importation into this country—unless the Senate will do something for us to double the Payne-Aldrich rates, to prevent the coming into this country of lithographic products at a price lower than can be manufactured on this side of the ocean.

Senator LA FOLLETTE. How many men are employed in this country in the lithographic industry?

Mr. BOCK. I believe about 9,000 lithographers in the United States, and depending on those about 60,000.

Senator MCLEAN. Where is your industry located?

Mr. BOCK. Throughout the United States and Canada.

Lithography, gentlemen, is an art; it is not something that you may say can be produced in a brief time by Tom, Dick, and Harry. A nation that excels in art also excels in culture. There would be one of the greatest catastrophes that ever befell this country if the lithography were destroyed, and it certainly will be destroyed unless you will come to our rescue and write into that bill now an adequate tariff that will prevent the coming into this country of goods at a figure lower than we can produce it here. None of our employers will be able to exist unless you do, and we ask in the name of such men that have spent the most of their life in this industry have requested you to do, double the present bill—that is 100 per cent above what you have got it to-day.

Senator LA FOLLETTE. Have you covered this subject fully in your brief?

Mr. BOCK. We have no brief to present at the present time; our brief was presented under date of February 14 to the Ways and Means Committee. I believe you have had a copy of that presented to you.

Senator LA FOLLETTE. You can have that printed in connection with your remarks here.

Mr. BOCK. That is the brief that has already been printed in the report of the Ways and Means Committee. You no doubt have a copy of this.

Senator LA FOLLETTE. It is in the hearings before the Ways and Means Committee.

Senator MCLEAN. I suggest that we reprint it here, because we want our record full and complete. If you want to add anything or modify anything you are at liberty to do so.

Mr. BOCK. No, I believe that brief covers pretty nearly everything. I do not represent either employer or importer. I represent the workingman, for whom I am pleading.

BRIEF OF THE AMALGAMATED LITHOGRAPHERS OF AMERICA.

We, the Amalgamated Lithographers of America, a labor organization, respectfully submit for your consideration this memorial as representing our plea for the fixing of a higher rate of duty on the lithographic articles as specified in Schedule M of the proposed new tariff bill now before your honorable committee.

This association represents a membership of over 9,000 workmen, all of whom are men of very high skill, and through us we speak for the 60,000 workers who depend entirely on the lithographic industry for their livelihood.

The export of lithography is so negligible that we are safe in stating that our industry is wholly a domestic one, the commodity that we produce is only marketable in this country, and the introduction into this market of any foreign made lithography is a matter of serious menace to the welfare and progress of our American industry, every ounce of lithographs imported into this country is just so much less work for our people, every item imported lessens the opportunity for employment, a factor upon which the welfare of our whole Nation depends.

We contend that the Government owes to us a rate of duty on lithographs that will represent the vast differentials in wages that exist between the American lithographic workmen and foreign lithographic workmen.

Reviewing the question from the angle as to the wide difference in wages paid in the United States as compared with wages paid in Germany and other foreign countries, which plays probably the most important rôle in this matter, it is well to note that the wages paid throughout the United States to skilled lithographic workmen averages $40 per week, while the wages paid in Germany, for example, to the same class of workmen averages $5 per week. Reference, copy of a letter now in possession of your committee by Mr. Groves, American trade commissioner at Zurich, Switzerland, testifying that the wages paid to the lithographic workmen in Germany is something less than $5 per week, and it is still less than that amount in Austria and other surrounding countries. The average wages paid to the workmen of this country performing the same class of work is $40 per week. This is a proportion of 8 to 1.

The rates as specified in the Underwood-Simmons bill spell ruin and demoralization to our industry and our work people. On page 509 of your Summary of Tariff Information you will find that in 1914 lithographs were imported into this country to the extent of 4,895,643 pounds. This represented a value of $1,780,548. Every ounce and every dollar of these lithographs was just so much less work for the American lithographic workmen, and still further despite the fact that the war was proving itself as a barrier on importations, post cards, to the value of $3,431,932 were imported into this country in 1918, we know that with the war over the foreign lithographers will redouble their efforts in seeking to promote their export trade.

We submit that your honorable committee should fix a tariff rate on all lithography that will sufficiently represent the difference in wages paid here and abroad. In 1909, at the time of the enactment of the Payne-Aldrich tariff law, the rate of wages between here and Germany was on a ratio of 4 to 1, that is, the average wage of the American lithographic workmen was $20 per week, while the wage of the German lithographic workmen doing the same class of work was $5 per week. Since that time our wages have gradually increased until to-day our average is $40 per week. Taking this as a basis we urge that in order for our wages to be protected against foreign competition, that the rates governing lithographs should be increased 100 per cent over the rates as specified in the Payne-Aldrich bill.

We have laid great stress and emphasis on the lithographers of Germany; we do that for the reason that lithography is a German creation. The Germans are peculiarly adapted to this art; they have fostered the industry and have proven in the past that they are our chief competitors. But there is another country which is fast looming up as an active competitor; that is Japan. That country during the past few years has made splendid progress in the art of lithography. They have exported from this country the highest type of lithographic presses that are manufactured and used in this country. They have engaged the highest type of skill with regard to lithographic workmen to act as tutors. This work has been done with the sanction of their Government. This work is now on the American market. We can not meet with them in competition, as the difference in wages between the American workman and the Japanese workman is at a ratio of at least 15 to 1. We have every reason to believe that if Congress does not enact an adequate tariff law that our industry will seriously suffer from this Asiatic competitor.

This in itself places the American lithographer at a tremendous disadvantage at the very inception of the struggle for existence, as against the great odds the foreign competitor has in his effort to invade the home market.

The ultimate result of this condition of the difference in wages would invite disaster, providing there was a low tariff, and would bring about the serious curtailment of the

lithographic industry of the United States. The only salvation of the industry lies in the enactment of an adequate tariff that will place the lithographers of the United States on an equal plane with the lithographers of Germany and other foreign countries.

It has been shown to your honorable committee that the importers in this country are now advertising in the trade papers that they are resuming business and are ready to take orders, hence our appeal to you for adequate protection. We want our industry preserved, we want it to grow, we want our "jobs" protected so that we might continue on in our peaceful way, giving comfort and substance to those who depend upon us—our industry is our life and our hope.

Back of the 60,000 workers for whom we bespeak is another great army, that great army of women and children, who depend on us for their support. They join us in our appeal to you, they ask you just as vigorously as we do to give to us that adequate rate of duty in your new bill. No harm can come to our industry without injuring us. Without a sufficient rate of duty being granted our trade will be seriously curtailed, unemployment will come with its dreadful features; it rests with your committee to give us that protection that we seek so that happiness and contentment can become a permanent part of the homes of our workers.

We desire to call your attention of paragraph 137 of the law of 1913, in which 25 per cent ad valorem is the duty charged on lithographic plates of stone or other material, and wet transfer paper containing imprints taken from lithographic plates; this character of importation of lithographic work represents 100 per cent labor; the admission of these articles eliminates the artist, transferer, and prover—three very important features in the process of producing a lithograph; the law of 1909 provided for 50 per cent ad valorem; it is our contention that a rate of duty of 100 per cent ad valorem should be placed on any article coming under the supervision of this paragraph, and we respectfully urge your approval of same.

Lithography ranks amongst the fine arts, such as painting and sculpture. A nation that excels in lithography excels also in culture and all the finer qualities that accompany the highest civilization and enlightenment. It would be a blow to the prestige of the United States amongst nations as well as a blot upon its civilization for this industry to be destroyed, and the only way by which this catastrophe can be avoided is as above stated, by the enactment of a law which will not give any advantage to any combination representing predatory wealth in a foreign country, but will provide a home investment in a home market.

This brief has not for its purpose the enactment of a law which would entirely prohibit the importation of lithographic works of art from foreign countries. Its purpose is to persuade Congress to enact a law which will allow a highly skilled lithographic workman to earn wages such as are due him in reward for his skill. Its purpose is only to persuade Congress to enact a law which will allow the man who has his labor invested in the business to derive a fair margin of profit from the business.

There can be no question as to the skill and high technique required to make the competent lithographer. Exceptional skill and experience are necessary to make a competent workman in any of the graphic trades, but in addition to this artistic talent and that indefinable sixth sense which gives to its possessor an instant conception of the beautiful in art and nature are essentially necessary in the make up of a competent lithographer.

The lithographic industry of the United States furnishes employment to 60,000 work people and their dependents with a livelihood according to American standards. If this industry was curtailed, it would mean that many citizens of our country would be deprived of earning a living at their chosen vocation, and that the future would indeed look dark to all of these men and women. This alone is a matter of such magnitude and contains such possibilities of disaster as to justify this committee in its earnest endeavors to induce your honorable body to write into the tariff law the changes which we recommend.

There are over 650 lithographic manufacturing establishments in this country, they give work to many thousands, 40 per cent of the labor employed in the production of a lithograph must of necessity have some skill of a more or lesser degree, it is an industry where the character of the workers is intensely American, it is an industry that should receive from its Government the fullest degree of protection, it should be fostered, encouraged, and stimulated so that it might thrive and grow, for with its growth the opportunity for wholesome and remunerative employment is given to its citizens, the protection that we are asking at your hands is absolutely essential to the very life of our industry, a rate that adequately represent the differentials in wages between this and other countries should at least be 100 per cent over the rates as specified in the act of 1909, any other rate less than that will seriously impair the steady employment of our work people, the laws and conditions governing the competitive field of lithography

when thrown in with foreign competition are so manifestly unequal that they give to the foreign manufacturer an advantage that it is impossible to overcome.

We urge that in the administrative part of your proposed bill it be so framed that it will be absolutely imperative that every item of lithograph that is imported into this country shall distinctly carry an imprint that is clearly legible showing the country of its origin; we respectfully refer to a ruling made by the Secretary of the Treasury in exempting cigar labels and bands from the operation of the law as it now stands; we believe that it should not be made subject to a departmental regulation.

It is an admitted fact that in the unit American value costing $1 to manufacture lithographs there is 45 per cent of the cost paid to labor. This clearly demonstrates that with the importation of foreign-made lithographs the one most seriously affected is the American workman. The difference in wages paid to our work people and that paid to the foreign workman is so vast that we are at their mercy on competitive lines; we match with them on quality and character of work, but we can not meet them on standards of wages.

Another matter worthy of serious consideration is the additional advantage that the German lithographers have over our American lithographers in his ability to purchase the raw materials which are needed in the manufacture of lithographs, at a vastly cheaper rate than the American manufacturer is called upon to pay; this condition applies to all countries that export lithographs to this country. It is an advantage that is of great value to the foreign lithographer, and strengthens him considerably in his ability to undersell the American product.

We have read with interest the brief presented to your honorable committee by the representatives of the National Association of Employing Lithographers. We fully concur in its contents and desire to state that its reasoning and recommendation have the full indorsement and approval of the representatives of the Amalgamated Lithographers of America.

In conclusion we desire to express our sincere thanks and appreciation for the courtesy we have received at the hands of your honorable committee, and sincerely hope and trust that you will heed our appeal and protect the lithographic workmen of America from the encroachment of the foreign lithographer.

WRITING PAPER.

[Paragraph 1307.]

STATEMENT OF W. J. RAYBOLD, HOUSATONIC, MASS., REPRESENTING THE WRITING PAPER MANUFACTURERS' ASSOCIATION.

Senator WALSH. With what company are you connected?

Mr. RAYBOLD. With the B. D. Rising Paper Co. I represent the Writing Paper Manufacturers' Association.

Senator SMOOT. To what paragraph are you going to address yourself?

Mr. RAYBOLD. Paragraph 1307.

Mr. Chairman, we are not asking very much. The rates that are given to us in the Fordney bill are entirely satisfactory. There is a small change over the present tariff.

All we are asking is that paragraph 1307 be changed in its wording so as to clarify the meaning a little and make it more adaptable to the paper which is imported and, we think, furnish the people who have to adjust the tariff, or apply the tariff, with a little more intelligent knowledge with regard to the papers that are imported.

We have prepared a brief, a copy of which, I think, has been handed to each member of this committee, and that brief shows the changes that we ask.[1] The changes are printed in italic type. If each one of you has not been furnished with a copy, we shall be glad to supply you, so that you will understand our position more readily.

The CHAIRMAN. We can have it printed in the record of the proceedings, if you desire.

Mr. RAYBOLD. Very well, sir.

[1] See p. 3875.

The CHAIRMAN. That will enable you to abbreviate your statement.

Mr. RAYBOLD. Yes.

The change we are asking makes no change in the rates at all. It simply clarifies the reading of the paragraph and makes it more adaptable to the kind of paper we manufacture.

I think that is all I have to say.

WALL PAPER.

[Paragraph 1309.]

STATEMENT OF HENRY BURN, BROOKLYN, N. Y., PRESIDENT OF THE AMERICAN WALL PAPER ASSOCIATION.

Mr. PARKER. Mr. Chairman, in behalf of the wall-paper interests I should like to introduce the men representing the American Wall Paper Association.

The CHAIRMAN. Very well.

The CHAIRMAN. State your full name, Mr. Burn.

Mr. BURN. Henry Burn.

The CHAIRMAN. Where do you reside?

Mr. BURN. Brooklyn, N. Y., at 54 Macon Street.

The CHAIRMAN. Your business is what?

Mr. BURN. I am a manufacturer of wall paper.

The CHAIRMAN. Where is your establishment?

Mr. BURN. In Brooklyn, N. Y.

The CHAIRMAN. Have you a paper that you desire to read?

Mr. BURN. No, sir; I have not.

The CHAIRMAN. Will you proceed to enlighten the committee as to your views?

Mr. BURN. Yes. I appreciate the desirability of curtailing my remarks so far as possible.

The CHAIRMAN. You must consider that you gentlemen here are as much interested as we are in that. You want this bill passed and we want it passed. We are working through the holidays. We want to get it through. The briefer you are, the quicker it will become a law.

Mr. BURN. That is the point we have in mind, exactly.

I shall make but a preliminary statement and let others who follow me bring out the details. I am going to make a very short statement of the facts as to what we would like to obtain, and then Mr. Tait will give the details in regard to our argument. In the first place, we represent an industry which, during the war, was classified as non-essential and was subjected to restrictions of the severest kind. Those restrictions made the business not only unprofitable, but it would have been annihilated had the war continued a few months longer.

Now that we are supposed to be enjoying the blessings of peace we are confronted with a commercial war with a nation that we assisted so largely in defeating and to accomplish whose defeat we have already made so many sacrifices. Are we, therefore, not entitled to the fullest measure of protection that the Government can give us, or shall we allow that nation to strangle our industry, and must we in so doing admit that Germany's resourcefulness is greater than that of the American people?

We have previously had a hearing before the House Ways and Means Committee and have submitted a brief to that committee. If that brief is desired, we can furnish it to you. I do not propose to bother you with it to-day.

The CHAIRMAN. We have all those records.

Mr. BURN. I shall not make any further reference to that, then.

The CHAIRMAN. Are you asking now the same rate that you did before the House Ways and Means Committee?

Mr. BURN. No, sir; I am coming to that presently. I will tell you the reason why.

The CHAIRMAN. Are you asking more or less?

Mr. BURN. A trifle more.

The CHAIRMAN. A trifle?

Mr. BURN. We are asking for a slight addition to the protection given us by the Underwood bill and for a clearer definition of the wall papers set out in the tariff.

Senator WATSON. What paragraph is it?

Mr. BURN. Paragraph 1309.

You naturally ask, "Why do you ask for this addition?" We asked for 25 per cent in presenting our case to the House Ways and Means Committee, but increasing competition from Germany renders it necessary that we should now be granted a rate of at least 3 cents a pound and an ad valorem rate of 20 per cent.

Comparative values in this country and Germany will be presented and submitted to you by Mr. Tait, likewise comparative rates of wages. The latter show an increase over the prewar period of 118 per cent. Efforts to secure a reduction in wages have been unsuccessful.

While our previous request for 25 per cent ad valorem was based on an expected reduction in wages of 25 per cent, that reduction has not materialized.

Figures to show the extent of the present importations are not available, as they have been largely made during the last six months.

I shall come down to the wording of the tariff in order that I may make it entirely clear and specific and show you what we are after.

We are tangled up in this paragraph with a great many different kinds of paper. There is a paper there that I do not know anything about—Jacquard designs—there is also reference made there to blotting paper and a lot of other kinds of papers, so that the schedule is all tangled up. We would, therefore, like to have the reference to wall paper made more specific; in other words, that the reference to wall paper be made so clear that there can be no contention as to its meaning. A simple reference to the present wording of the paragraph embracing wall paper will clearly demonstrate the convincing proof of the necessity of making a change in its definition. Indefinite designations invite misunderstandings and provoke litigation, and misunderstandings in regard to tariff rates unquestionably lead to a loss to the Government. We desire, therefore, to omit reference to wall paper in the present paragraph in connection with blotting paper, Jacquard designs, filtering paper, wrapping paper, and numerous other classes and to give our product a desig-

nation by itself, and earnestly make the suggestion that this be made to read as follows:

Hanging paper, not printed, lithographed, dyed, or colored, 10 per centum ad valorem. Hanging paper, printed, lithographed, dyed, or colored, 3 cents per pound and 20 per centum ad valorem.

Senator SMOOT. That is an increase of 100 per cent over the House bill, isn't it?

Mr. BURN. No; that is the same.

Senator WATSON. That is what he is reading now.

Mr. BURN. No; I am reading this, which is the same.

Senator WATSON. This paragraph here reads just as you read it.

Mr. BURN. I will read it again.

Senator SMOOT. You want 3 cents per pound besides the House rate?

Mr. BURN. Besides the 20 per cent ad valorem.

I wish to call attention to the fact that in the House bill they had practically specified a specific duty of 5 cents per pound on this material, so that in a measure we are modifying that to 3 cents per pound and an ad valorem of 20 per cent.

Gentlemen, I am now going to yield the floor to my colleague, Mr. Tait, who will give you the details.

The CHAIRMAN. What further details do we need?

Mr. BURN. He will show the comparative value of the goods imported from Germany and the market price here. He will also be able to show a table of wages, showing the difference between the wages here and over there, and he will supply other matters that will help to throw light on the proposition that we have advanced.

STATEMENT OF HON. JAMES S. PARKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK.

Mr. PARKER. Here are some samples of wall paper that have been imported [indicating]. Here is the American price, the wholesale price, and here is the German price [indicating]. These papers here [indicating] are as similar as it was possible for them to pick out.

Take that paper there [indicating]. It costs 18 cents. That is the American paper. It is put down here for 2¼ cents gold. It is put down here for 4½ marks, worth 2.5 cents gold in this country.

Senator MCLEAN. What is the unit?

Mr. PARKER. By the roll.

Here are several other samples of the same kind, which are as near together as they can get them—the American and the foreign paper.

Senator DILLINGHAM. Are those the prices at which they sell in this country?

Mr. PARKER. No. That is the wholesale price in Germany.

There is some common, plain paper. The prices are shown at the top.

Senator SMOOT. What does that weigh per roll? I am now referring to the German paper.

Mr. PARKER. That will weigh about 13 or 14 ounces. The papers weigh 9, 10, 11, 12, and 14 and 16 ounces.

Senator SMOOT. The rate does not apply to this paper here at all. That would be about 400 per cent.

Mr. PARKER. This industry has not been highly protected in any way. It has always been a lightly protected industry. The Under-

wood tariff carried a 25 per cent ad valorem rate. We are asking for a little more than the 25 per cent rate carried in the Underwood bill.

The House bill, which is very badly drawn—and I do not mean to criticize anybody—carried 5 cents specific on ingrain or common paper. They are perfectly willing to cut that down to 3. I refer now to the specific. They want 20 per cent ad valorem on top of the 3 cents per pound.

The wages in this industry have increased 116 per cent. They have not decreased one dollar.

Senator SMOOT. Of course, you could not ask for a duty to keep this kind of paper out [indicating].

Mr. PARKER. That is true, of course; but the industry believes that the duty that it asks will enable it to compete. These people believe that they can compete with the rate of duty that they have asked.

Are there any questions?

The CHAIRMAN. If your friends have any papers that they desire to file in connection with their remarks, they will be printed, subject to your edit and correction.

Mr. PARKER. I am very much obliged to you.

BRIEF OF HENRY BURN, PRESIDENT AMERICAN WALL PAPER ASSOCIATION.

We represent an industry which during the war was classified as nonessential and were therefore subjected to restrictions of the severest character and which rendered the business not only unprofitable but would have annihilated it if the war had continued a few months longer.

Now that we are supposed to be enjoying the blessings of peace we are confronted with a commercial war with a Nation that we assisted so largely in defeating and to accomplish whose defeat we have already made so many sacrifices.

Are we therefore not entitled to the fullest measure of protection that the Government can give us, or shall we allow that nation to strangle our industry, and must we in so doing admit that Germany's resourcefulness is greater than that of the American people?

In February last we submitted to the House Committee on the tariff a brief giving in considerable detail the particular reasons which have led up to the present conditions, and in this brief we made suggestions for our relief, but as that document is available to your committee we will not dwell upon the arguments used therein, but in asking for your consideration we will make brief statements bearing upon the subject, and in line with that idea would say we are asking for a slight addition to the protection given us by the Underwood tariff, and a clearer definition of wall paper in the tariff. In presenting our case to the House Tariff Committee we asked for a 25 per cent duty on wall paper, but increasing competition from Germany renders it necessary at this time that we be granted a rate of at least 3 cents per pound and 20 per cent ad valorem.

My colleague on the committee, Mr. Tait, will submit in a separate brief comparisons in values in the selling prices of goods in Germany and in this country, and will also show comparative rates of wages paid, and incidentally we would say that the wages paid in the United States in our industry have increased about 118 per cent over those of the prewar period. Efforts to secure a reduction in wages have been unsuccessful and remain at the high peak of war rates, and since our request to the House committee that a duty of 25 per cent be assessed against wall paper was based on an expected reduction in wages of at least 25 per cent you can readily see that our former request of 25 per cent is entirely inadequate.

It might be said that figures to show the extent of present importations are not available, as these have been made largely during the last six months and will show an unappreciable effect on the next six months' business. As already stated, we ask that reference to wall paper be made so clear that there can be no contention as to its meaning, and a simple reference to the present wording of the paragraph embracing wall paper will clearly demonstrate convincing proof of the necessity of making a change in its definition. Indefinite designations invite misunderstandings and provoke litigation, and misunderstandings in regard to tariff rates unquestionably lead to a loss to the Government.

We desire, therefore, to omit reference to wall paper in the present paragraph in connection with blotting paper, jacquard designs, filtering paper, wrapping paper, and numerous other classes, and to give our product a designation by itself, and earnestly make the suggestion that this may be made to read as follows:

"Hanging paper, not printed, lithographed, dyed, or colored, 10 per centum ad valorem. Paper hangings, printed, lithographed, dyed, or colored, 3 cents per pound and 20 per centum ad valorem."

We sincerely trust that this paragraph will meet with your approval and be adopted.

BRIEF OF GEORGE TAIT, REPRESENTING AMERICAN WALL PAPER ASSOCIATION.

There is possibly no other manufactured product where the first cost is as great as in wall-paper production—a one-season product, but requiring a brand-new offering each year. First, the development of the design; then the print cutting, which is practically all handwork with skilled print cutters or known otherwise as block cutters; then follows the sampling period, which in the average factory occupies from three and one-half to four months in the preparation of a line of samples which have no value as merchandise goods, as they are merely produced and cut up into sample sheets to be shown the trade, from which selections are made and orders received. Then, when sufficient orders are placed on any pattern or the manufacturer assumes the risk, the merchandise manufacturing is commenced and, if a full year's business is obtained, seven and one-half or eight months' merchandise manufacturing is done, leaving two weeks in the year for shutdown for the necessary renewal and repairing of the machinery.

The skilled help in this manufacturing business are known as printers and color mixers and are employed on a 50-week basis with a guaranty of 45 full weeks and five half weeks' pay, whether the plant operates full or otherwise. These men earn on straight time a wage running from $43 to $50 per week and on overtime work time and one-half pay. The wages paid, even in prewar years, were from three to five times greater than the wages paid by German manufacturing competitors, and it would be fantastic to draw a comparison with the German wage of to-day paid in depreciated marks.

Note this fact, that there are few manufactured products where the comparative value of the wage paid is so great as in wall-paper production, exceeding 50 per cent. There is no printed American manufactured product that has enjoyed as little protection as wall paper. Even the Underwood tariff committee in their reduction of tariffs on other commodities recognized this fact and left the old tariff of 25 per cent unchanged on wall papers.

We submit you herewith samples of German wall papers now being offered to be laid down in this country at less than 3 cents a roll, which we are unable to produce to sell at less than 18 cents a roll. These goods are based on German valuation of 4½ to over 5½ marks per roll. If there were any normal comparative value of the mark, competition could be more readily met.

We therefore earnestly request that American valuation be provided; otherwise you will require to give us an excessively high comparative tariff protection, which under half normal conditions would be absurd to demand. As one of the members of your committee indicated in discussing this matter in the brief period we were before you, it would require to reach 500 per cent.

We would prefer the moderate rate based on intelligent entry values. It was the intention of the House committee at the outset to grant us a straight specific duty of 5 cents per pound. Such rate, however, would have been entirely inadequate on the better grades and special papers which American wall-paper manufacturers are now producing in good volume.

We are requesting the merging of the last two clauses in the House bill (p. 62, par. 1309) to more fully express the coverage, first clause, no change.

"Hanging paper, not printed, lithographed, dyed, or colored, 10 per centum ad valorem."

This of course refers to the raw stock used in manufacturing.

Second clause, which was intended to cover the dyed or colored papers not printed, we have merged with the third clause, which covers both, as these plain papers are also used as hanging papers, usually with printed decorations, known as borders, binders, etc., so that the second clause will read:

"Paper hangings, printed, lithographed, dyed, or colored, 3 cents per pound and 20 per centum ad valorem."

Now, gentlemen, an industry with production of $25,000,000 to $30,000,000 is hanging in the balance. The German competition on the plain colored goods, known as ingrains, duplexes, oatmeal effects, etc., has captured the American market, and we

wall-paper manufacturers, who also distribute these plain goods in conjunction with our printed papers, are caught with large stocks and we can readily see the handwriting on the wall with the great disparity of valuation on our printed product.

The German wall paper manufacturers, our greatest competitors in the wall-paper field, with the tremendous advantage they enjoy to-day—cheap labor, longer working hours, and abnormal, favorable rates of exchange—can very readily ruin our industry and close our factory doors, unless this moderate protection we are asking for be granted us, based on American valuation.

WRAPPING PAPER.

[Paragraph 1309.]

STATEMENT OF M. E. MARCUSE, RICHMOND, VA., REPRESENTING THE WRAPPING PAPER MANUFACTURERS' SERVICE BUREAU.

The CHAIRMAN. Where do you reside, Mr. Marcuse?

Mr. MARCUSE. Richmond, Va.

The CHAIRMAN. Whom do you represent?

Mr. MARCUSE. The wrapping paper manufacturers.

The CHAIRMAN. Do you desire to address the committee on the wrapping phase of the subject?

Mr. MARCUSE. I do.

The CHAIRMAN. What do you want—an increase in the rates over the House bill?

Mr. MARCUSE. Yes, sir. I shall be very brief. I am going to read one clause.

Senator DILLINGHAM. In what paragraph are you interested?

Mr. MARCUSE. Paragraph 1309 of the House bill, providing a duty on wrapping paper, not specially provided for, of 23 per cent ad valorem.

The manufacturers representing the wrapping-paper industry do not consider that this rate provides adequate protection, and especially request that the rate be raised to 30 per cent ad valorem. What we ask for is set out in full in the brief which will be filed.[1]

That is about all I want to say, except that I want to add that the wrapping-paper industry is quite a large one, and that we represent here about 154 manufacturers who turn out annually about 1,403,000 tons of wrapping paper.

Senator SMOOT. What do you want?

Mr. MARCUSE. We want a change made from 23 to 30 per cent.

The CHAIRMAN. How many people do you employ?

Mr. MARCUSE. Thirty-five thousand; and we have a capital of over $80,000,000.

The CHAIRMAN. This wrapping paper is made chiefly out of what material?

Mr. MARCUSE. Wood.

Senator LA FOLLETTE. How much did you say your production amounts to?

Mr. MARCUSE. About 1,403,000 tons annually.

Senator LA FOLLETTE. In this country?

Mr. MARCUSE. Yes, sir; in this country.

Senator LA FOLLETTE. What is its value?

Mr. MARCUSE. It would run about—well, I haven't that worked out here, Senator La Follette. I would say between eighty to one hundred million dollars.

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[1] See p. 3886.

Senator LA FOLLETTE. What are the imports into this country?

Mr. MARCUSE. There is a large importation of wrapping paper, and the fear that we have is that the kraft paper made in Scandinavia, Finland, and Germany will come in.

Our importations from Canada, of wrapping paper, are not large. I would say, in fact, that they are negligible, but the danger that we fear is the Scandinavian and the German competition.

We recite in our brief the fact that the present price of 56 per cent, American valuation, is the standard, because there is little other wrapping paper brought into this country.

Senator LA FOLLETTE. The value, you say, is somewhat over $80,000,000?

Mr. STOKES. $140,000,000.

Senator LA FOLLETTE. Somewhat over $140,000,000?

Mr. STOKES. Yes, sir.

Senator LA FOLLETTE. The importations for 10 months in 1921 seem to have been only $1,413,000. That is a pretty small percentage.

Mr. MARCUSE. That seems rather small, in view of the fact that we have a large number of quotations that depress our prices.

Senator LA FOLLETTE. That looks rather small.

Mr. MARCUSE. That does look unreasonably small, Senator, but that is not the only thing that it reaches.

Senator WALSH. It is the fear of the future?

Senator LA FOLLETTE. Yes. I think there ought to be more fear of the future in the minds of some of these gentlemen—the long-distant future.

Senator WALSH. The hereafter? [Laughter.]

STATEMENT OF ABRAM H. COHEN, REPRESENTING REPUBLIC BAG & PAPER CO., NEW YORK, N. Y.

The CHAIRMAN. What do you wish to speak on, Mr. Cohen?

Mr. COHEN. Paragraph 1309, wrapping paper.

The CHAIRMAN. Do you wish to repeat what has been said by others?

Mr. COHEN. No, sir.

The CHAIRMAN. Proceed.

Mr. COHEN. We are manufacturers of paper bags. We also are selling agents for several domestic and American mills manufacturing wrapping paper, and several foreign mills.

The CHAIRMAN. Where are your mills located?

Mr. COHEN. In the United States?

The CHAIRMAN. Yes.

Mr. COHEN. Roanoke Rapids, N. C. We also act as selling agents for the Bedford Pulp & Paper Co. We also represent several foreign mills, in Scandinavia, Czechoslovakia, and Germany.

The CHAIRMAN. Do you speak chiefly as an importer or as a manufacturer?

Mr. COHEN. I speak chiefly as an importer.

The CHAIRMAN. All right. Go on.

Mr. COHEN. The duty in the current tariff is 25 per cent. I understand the duty in the proposed Fordney tariff is 23 per cent. The American manufacturers ask for a duty of 30 per cent. We feel that

the duty of 23 or 25 per cent should be the maximum, because wrapping paper is mostly a mechanical process and the labor used in the manufacture of paper costs from 10 per cent to 15 per cent of the value of the paper. The cost of labor in wrapping paper per ton of paper is from $15 to $30, based on the thickness and the weight of the paper, the speed of the machine, the condition and the age of the paper machine, local labor conditions, and such as that. The current price of kraft wrapping paper is $150 a ton. Labor, therefore, receives from 10 to 15 per cent of the cost of the finished paper, and should be protected to that extent.

Senator LA FOLLETTE. What is the total labor value or cost?

Mr. COHEN. Per ton of paper, from 10 to 15 per cent, based on whether the mill is new and up to the minute, and 10 to 20 per cent if it is old, etc.

Ninety to ninety-five per cent of all wrapping paper imported into this country is kraft, which the other speaker called the basis of all wrapping paper. That comes from Canada, Scandinavia, Germany, Czechoslovakia, Austria, and Jugoslavia. The previous speaker stated there were 1,400,000 tons of wrapping paper produced per annum in this country at a value of $140,000,000. Kraft is now made in this country since 1912. In the present year, 1922, the paper mills approximately manufactured 1,200 tons of kraft paper per day, and including the imported kraft paper there is a total of about 1,500 tons of kraft paper manufactured daily, or about 37,000 tons per month.

The total importations of wrapping paper in September, 1920, were 387 tons; in September, 1921, 402 tons; October, 1920, 185 tons; October, 1921, 500 tons, or about 1 per cent of the total amount of wrapping paper manufactured in this country.

The exports of wrapping paper from the United States were: October, 1921, 1,717 tons; October, 1920, 2,188 tons; September, 1921, 837 tons; September, 1920, 2,140 tons.

So the imports of September and October, 1920, were equal to 13 per cent of the exports of wrapping paper; and the imports of September, 1921, and October, 1921, were about 60 per cent of the exports of the American manufacturers of wrapping paper.

Senator MCLEAN. To what countries do you export?

Mr. COHEN. We export to Cuba, Central and South America, Australia, and, to a small extent, to South Africa. The European countries are taking care of all their imports. The American mills that now ask for further protection, on account of fear of European mills—I am speaking of the mills making wrapping paper—advanced their prices 10 per cent in September and 10 per cent in October, and 10 per cent in November.

Senator MCCUMBER. 1921?

Mr. COHEN. 1921, sir. And now they are so busy, having anywhere from two to three or four months' orders on hand, that they do not wish any more business at the present time, in spite of the general depression throughout the country. So if 25 per cent, the present rate of duty, is not high enough, why should so many mills still want to manufacture this wrapping paper, when the total importation is less than 1 per cent of the American production of kraft wrapping paper? Furthermore, kraft wrapping paper was ex-

perimented on in this country by the Halifax Paper Corporation, who made it commercially, first, in 1912. To-day there are over 35 mills with a total production of about 1,500 tons a day, under protection of a 25 per cent duty. I feel the present duty is more than ample for protection.

BRISTOL BOARD AND PRESSBOARD.

[Paragraphs 1309, 1313, and 1640.]

STATEMENT OF JOHN T. WHEELWRIGHT, BOSTON MASS.

The important thing that I wish to say is that the manufacturers in Massachusetts are better looked after when the burden of the tariff is removed from them than by any increases in the existing schedules of the Underwood Act on the finished article. The Underwood Act was framed on the principle of so far as possible either taking off or reducing tariff on the articles necessary for the manufacture of paper, such as felts, wires, lumber, coal, paper stock, pulp, china clay, chemicals, etc.

When this tariff was being considered, I had made a calculation of the burden per ton of paper caused by the tariff by consultation with many manufacturers, and we made it out to be $3 a ton.

The bill reported by the House Ways and Means Committee this year has augmented many of these duties, particularly that on china clay, and while it has still left wood pulp duty free and has retained paper stock on the free list, it has raised the duty on china clay from $1.25 a ton to $2.50 a ton.

I shall take up in the first place paper stock, which has always been on the free list, so far as I know, and is still kept there by the Ways and Means Committee in their amended bill, paragraph 1640, as follows:

"Rag pulp; paper stock, crude, of every description, including all grasses, fibers, rags, waste, including jute, hemp, and flax waste, shavings, clippings, old paper, rope ends, waste rope, waste bagging, and all other waste not specially provided for, including old gunny cloth and old gunny bags, used chiefly for paper making, no longer suitable for bags."

It is of vital importance to Massachusetts and New England manufacturers that there should be no duty on this stock since there is hardly any wood pulp made in Massachusetts of any kind, and our lack of forests is somewhat made up for by our closeness to seaports, and to great cities, which furnish old papers for paper stock. Paper made principally from this stock has to compete with the paper made of wood fiber by the mills close to coal and timber land, and any appreciable advance in the cost of pulp made from this stock places our New England mills at a great disadvantage. To keep the industry in New England, it is necessary for our manufacturers not to be unduly handicapped; to make fine papers; to develop by advertising and otherwise their brands, so as to avoid the almost impossible competition with great mills, such as the West Virginia Pulp & Paper Co. and the New York & Pennsylvania Paper Co.

If it were not for the burden of the tariff upon our manufactures, book paper could get along with an even smaller tariff than is given it by the present House bill. But, with the burdens now on and likely to be put on, it seems to many manufacturers that this tariff schedule is inadequate. However, I do not intend to go into that question. What I am interested in is, in the first place, to keep paper stock on the free list; also wood pulp, ground and chemical, on the free list.

As to china clay, the particular reason why a duty on this is burdensom · is that the American clay can not be well used in many grades of paper. I inclose a supplementary brief of the John Richardson Co.,[1] filed with its petition to the Committee of Ways and Means, against the increase of the duty on china clay or kaolin, and I refer you to the letter of the West Virginia Pulp & Paper Co. to the John Richardson Co., from which you can get the facts and arguments in the case.

As to wood pulp, I refer you to the pamphlet, marked "B," in re Schedule M—Paper and books, paragraph 649 of the free list, filed by the Association of American Wood Pulp Importers, which contains all arguments well put for the keeping of such pulp upon the free list.[2]

I further wish to call your attention to paragraph 1309, in which "bristol board of the kind made on Fourdrinier machines" is given a certain rate of duty. Fine bris-

[1] See p. 519, Part I, Hearings before Committee on Ways and Means, 1921.
[2] See p. 2978, Part IV, op. cit.

tol boards are made in this country on Fourdrinier machines, but mostly on cylinder machines, and the boards made on the latter machines are similar in quality, texture, and use to "bristols of the kind made on Fourdrinier machines," so that it seems to me pretty clear that such bristols made on the cylinder machines in other countries will be subject to this rate of duty. I say it seems pretty clear; it does not seem absolutely clear, and the paragraph could be clarified by omitting the words "of the kind made on Fourdrinier machines," thus putting all bristols without any doubt on the same basis.

I am sending to you herewith a box of samples of the bristols made by the George W. Wheelwright Paper Co., on a cylinder machine. An examination of these samples will show you that they are very fine papers and entitled without any question to have the rate of duty set forth in paragraph 1309 of the bill as above, as a protection.

An amendment was added to paragraph 1313 of the bill with the object of providing for certain coarser board, not of the finer qualities. The amendment is as follows:

After certain words in the paragraph, which I have not now before me, the following words were to be inserted:

"Press board and press paper, 23 per cent ad valorem, but container board of a bursting strength above 60 pounds per square inch by the Muller or Webb test, 15 per cent ad valorem."

This latter duty does not differ materially from the duty given book papers generally and it seems to me it would be sufficient for the class of goods it concerns.

LEATHER-BOUND BOOKS.

[Paragraph 1310.]

STATEMENT OF CHARLES E. LAURIAT, REPRESENTING CHARLES E. LAURIAT CO., BOSTON, MASS.

As a dealer in both American and English published books, having an established business of 50 years' standing, this company respectfully begs to submit for your consideration a few thoughts and a few facts relating to a tariff on books.

This company deals both in new books, which are mostly published in the United States, and in old books, fine editions, and rare books which have been published more than 20 years either in the United States or in England. If we sell more fine editions of English publications than of American, it is because more fine editions have been published in England than in America. And more have been published there because there has been and still is a greater demand for fine editions in England than in this country. No tariff law can alter that fact, and the imposition of a tariff on books published more than 20 years would not cause the publication here of any books which would not be published here without such a tariff. Nor will introducing the uncertainties of American valuation of books increase the amount of printing and binding for the American laboring man.

In closing this introductory statement we wish to call attention to the fact that books do not compete with each other. The copyright law prevents competition between different editions of the same book—there can be no rival different editions: and books by different authors, even if on the same subject, are not competitive, but are rather to be considered supplemental to each other. The sale of one is likely to increase the sale of the other, and the sale of both together is likely to be more than twice what the sale of either one alone would have been if the other had not been published. In other words, the importation of English books will increase rather than diminish the sale of American books.

With this general statement, we pass to the details of the matter to which we desire respectfully to call attention.

We respectfully protest against the clause in paragraph 1310 in the proposed tariff reading, "books bound wholly or in part in leather, the chief value of which is in the binding, not specially provided for, 33⅓ per cent ad valorem," not only because the clause is ambiguous and difficult of interpretation, but also because 33⅓ per cent ad valorem is a higher rate of duty than is necessary for the full protection of the American binder.

A similar clause in the Payne-Aldrich tariff (Aug. 5, 1909, book schedule, 415 reading as follows: "* * * all the foregoing wholly or in chief value of paper," made the assessment for duty so difficult of determination that an appeal was made for a Treasury decision, and T. D. 30326 was rendered February 4, 1910, in which

the department practically instructed appraisers to ignore this clause entirely, as was not the intention of Congress to raise the duty on books.

In the present Underwood tariff, in paragraph 337, the same words were originally written in, "all the foregoing wholly or in chief value of paper," but before the enactment of the bill the words were stricken out, as you will see by reading paragraph 329.

In regard to the rate of "33⅓ per cent ad valorem" on books "bound wholly or in part in leather," we would say that we present the following evidence to show why this rate of duty is unnecessarily high:

The Scroll Club Bindery, New York City, have issued a "Trade Price List," dated October, 1921, on which their price for binding a book 10 by 7 in "half French levant, gilt top, two-line panel with a little tooling, gold line on sides," is $5.40.

Robert Riviere & Son, Regent Street, London, on their "Trade Price List," dated September 12, 1921, quote the price of binding a book 10 by 6½ in "half levant, two or three line panel and center, gold lines on sides, 24s." At 21 cents to the shilling, which is the present rate of exchange, and which will probably show a gradual advance rather than decline, makes the binding cost $5.04.

On the Scroll Club Bindery price list a book bound in "full French levant, gilt top, two-line panel with a little tooling on the back and sides, gold border inside, gold roll on edges," size 10 by 7, costs $15.50.

On Riviere & Son's price list a book bound in "full levant, two or three panel and center, gold line on sides, inside, and edges," size 10 by 6½, costs 66s. or, at 21 cents to the shilling, $13.86.

On the Scroll Club Bindery price list the cost of "Solander cases" (such cases are made to hold books which the collector wishes to retain in the original binding), "French levant, Jansen finish" (meaning no gold tooling on the back), is $16.

On Riviere & Son's price list the cost of "Pull-off cases" (known in this country as Solander cases), "full levant, plain" (called in this country Jansen finish), cost 75s. 3d., or, at 21 cents to the shilling, $15.75.

The above figures show that a 15 per cent ad valorem duty, as is the present tariff, insures the American binder ample protection from competition with British binders. A higher tariff would unduly and unfairly increase the price of such books, without any compensating benefits.

We do not quote prices from French binders, as they have not yet reestablished their binding business to anything like prewar quality and standing. German leather binders were never competitors of American binders.

As proof that the wages in English binderies, of men and women, have advanced over 200 per cent above prewar level, we quote the following wages paid in the bindery of W. Root & Son, Holborn, London, which is a typical British workshop and in which the same wages are paid as in all shops doing binding in leather: Minimum for men per week—prewar, 35s.; August 10, 1921, 100s. Minimum for women per week—prewar, 13s.; August 10, 1921, 51s.

These wages are for a 48-hour week and are minimum wages paid. All workmen and workwomen after one year receive an increased wage. It is, therefore, clear that the American binders have little to fear from the competition of low wages abroad, as wages there are now about the same as wages here in the bookbinding trade.

We would, therefore, suggest that paragraph 329 of the present tariff be retained, "books of all kinds, bound or unbound, including blank books, slate books, and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing and not specially provided for in this section, 15 per centum ad valorem," etc.

AMERICAN VALUATION AS AFFECTING BOOKS.

We wish to protest against section 402, commonly referred to as the American-valuation clause, as impractical, even impossible, as applied to books. Not only do books not compete with one another, as above pointed out, but the costs that enter into the manufacture of two books, even on the same subject, are never the same. They vary, commencing with the royalty paid to the author, through the various parts of the manufacture of the book, such as paper, printing, illustrations, binding, etc., so that it would be impossible to compare the imported book with any other, and so there could be found no "comparable and competitive product of the United States."

For example, the book by Capt. Dickinson, entitled "Big Game Shooting on the Equator; A Sportsman's Experiences in East Africa," bears no relation to Roosevelt's African Game Trails, except so far as they each deal with big game hunting in Africa.

The former book was published in England some years ago, but after a fair sale in England it was there offered at a much reduced price from that at which it was published. It was published at 16s. and offered by the publishers, to close out the copies that were not sold, at 5s. 6d. At this price it was an attractive purchase to many American firms, and they bought it and paid duty on that price, inasmuch as the book had some interest to collectors interested in big game hunting.

The importing of Capt. Dickinson's book in no way interferes with the sale of Col. Roosevelt's book. The latter wholesales for $3.84, and if duty were charged at this rate on Dickinson's book it would compel a sales price that would be too high to appeal to the American buyer. No bookseller could force the Dickinson book on a customer asking for the Roosevelt book, but sales of the Dickinson book would probably increase sales of the Roosevelt book. In this way the American industry would be benefited by the importation of such books, and the application of the proposed American valuation would defeat its own purpose, so far as books are concerned.

If, for the benefit of the manufacturing of certain other merchandise, the American-valuation clause must stand, there should be written into it a clause that would "exempt books."

The above example of Capt. Dickinson's book is an instance of the offering by publishers of so-called "remainders," by which we mean the unsold stock of books left on hand after the home market has been fully satisfied. Both English and American publishers follow this plan and dispose of such remainders at a price that will effect a complete clean-up.

We, here in Boston, make a specialty of and have built up a considerable trade in English remainders. Our confrères in the business here, De Wolfe, Fiske & Co., have devoted their energies to American remainders and have built up a considerable business in that line.

A catalogue of our English remainders and one of their American remainders, marked, respectively, "Exhibit A" and "Exhibit B," are on file with the committee.

These English remainders are sold at a fraction of the publication price and by us sold to the public, in most cases, at less than one-half the price which the book would have originally cost the buyer to import. If any other than a small ad valorem duty based upon the cost to us should be assessed, this large and important part of our business would be ruined; and the business of American publishers would not be thereby increased, for none of these books are published in America, and the sale of books published here would not be increased, but probably decreased.

We respectfully submit that from no point of view is American valuation of books desirable. It would be not only difficult and unfair in administration, but in certain cases it would be disastrous to long-established and legitimate businesses. It is impossible to show that it would benefit anybody, but it is clear that it would deprive many readers of an opportunity to obtain excellent books at a low price.

COPYRIGHT PROTECTION.

In drafting tariff provisions relating to books a matter which should always be taken into consideration is the copyright law. No foreign-made book which has been copyrighted in the United States can be imported into this country except under the provision which permits of the bringing in of "one copy, at one time, for individual use and not for sale," and this applies to "remainders" as well as to all new books. (See copyright law, as amended by the act of Aug. 24, 1912, p. 30, sec. 31, par. D, "First.")

Practically every new book published in England is offered to an American buyer to see if he will take it for the American market and either copyright it under the law or import a few hundred copies for the American market. A copy of the book is sent to the prospective American buyer, and if he decides it would have a sufficient sale in America to warrant the issuing of an edition of 2,000 or 3,000 copies he buys and copyrights it, and then sets up, prints, and binds the book in this country, thereby giving full employment to the American paper manufacturer, typesetter, printer, and binder.

Having complied with the copyright law, it excludes the possibility of any foreign edition of this book ever being imported into this country, no matter how low the price abroad may be.

This copyright law, operating in conjunction with the tariff rate, affords real protection to the American book industry. The tariff situation might be quite different if there were no copyright law. But having that law, the tariff rate, in theory and in practice, should be fixed at the lowest point consistent with insuring that the great bulk of the books purchased here shall be published here. If the tariff is lower than

this point, then importations from abroad will be excessive and the industry will not be receiving its fair protection. If higher, then books which have only a small sale here, but which may be very valuable from an educational, literary, or scientific point of view, and so be very desirable, will cost an undue amount. In that case the tariff would operate unfavorably to the Nation, and even the publishing business would not benefit.

It is for the Congress to judge as to just where the theoretically correct point should be fixed. For many years it has stood at 15 per cent on all books published within 20 years.

Is there any evidence whatever that too many books are being imported? Is it not true that practically every book which has any considerable sale in this country is also printed and bound in this country?

We respectfully submit that a duty of 15 per cent on books published abroad within 20 years has been shown by long experience to be high enough to afford all reasonable and proper protection to the publishers and workers of this country. And we submit that any increase of duty will not increase the business of publishers, but will amount to a tax on learning, to the detriment of the country.

ELIMINATION OF FREE LIST.

We now pass to another matter which is of vital importance to this company. During the half century in which we have been in business we have built up a large trade in old and rare books, first editions, and handsomely bound books. Many of these books are more than 100 years old, and all of them are more than 20 years old. Books published within 20 years are not referred to in this part of this brief.

Under the bill as passed by the House books published more than 20 years are not included in the free list, although such books have been free of duty during practically the whole period that our business has been established. The admission of such books duty free has done much to stimulate the reading of books in this country and the assembling of valuable collections of books which have been of great educational value to the American student and public.

The American workman and publisher has lost nothing by the importing duty free of books printed over 20 years, for not one such book in a thousand would be republished in this country, no matter how high the tariff were. The protection that would be afforded by the proposed change would be none whatever, while the injury to those who deal in old books and to those who buy them would be very great.

In the case of old and rare books, first editions, and books whose principal value is their historical or literary association the imposition of a duty is nothing less than absurd.

For example, the Folio Shakespeare, published in 1632, is of great value and interest to a book collector, and its importation into this country at a value of, say, £500 in no way affects the American workman of to-day, and the duty on this book would in no way benefit the workman's position and would do much to discourage the forming of private educational libraries in this country.

Is there any excuse whatever for the imposition of a duty on books more than 20 years old?

The only claim of a reason for the proposed change that has ever been suggested to the writer is that the repairing or rebinding abroad within 20 years of books more than 20 years old and the importation of such repaired or rebound books duty free works a detriment to the American binder.

It is worth while for your committee, and for the Congress, to examine this claim carefully and to determine, before imposing such a duty, whether the benefits to be received by the American binder are sufficient to outweigh the injury which will be done to those who have built up a business in old books and to those who desire to purchase them for their libraries.

It is true that a portion of the old books which are imported have been rebound within 20 years. And to this extent there is basis in fact for the argument presented.

But we submit that if a duty were imposed on old books it would bring very little additional work to American binders. It would either keep the books out of the country entirely or it would increase their price by the amount of the duty; and in either case the American binder would not get the work. With old books on the free list, the American binder now gets a portion of the rebinding. The imposition of a duty would cut down what he is now getting, because fewer old books that require rebinding would be imported.

It is not by the imposition of a duty on old books that the American binder will best serve his own interests. His interests will best be served by improving his skill and learning to bind books in an artistic manner comparable with the binders of England

and France. The binder in this country has never apprenticed himself to his work for as many years as has the workman abroad.

It is true that there has never been the large public demand here for extra leather bindings and highly artistic work that there has been abroad. But it is also true that in the few cases where binders have really equipped themselves to do high-class work they have been successful.

The point that we desire to make is that the tariff must not be used as a screen for incompetence at the expense of legitimate importing businesses and at the expense of book lovers and those who desire to purchase artistically bound books at a reasonable price.

There is no doubt that if the American workman produces an equal quality of binding the work will come to him. It lies rather with the man's own initiative and ability than by the protection of a tariff duty on old books.

It has been suggested that the difficulty might be overcome by placing all books printed more than 20 years on the free list, with a proviso that a duty be imposed upon bindings which were placed on such books within the 20-year period.

Such a proposal sounds logical and reasonable, but if adopted infinite confusion is sure to arise, because no man can tell by looking at a binding how long it has been on the book.

For example, we have in our stock a set of Macaulay's works, in 13 volumes, printed according to the date on the title-page, in 1849.

Somewhere in the period between the printing of the book in 1849 and the current year this set was rebound for the former owner in full tree calf by Riviere & Son, of London. The set has been kept in a private library, and presumably behind glass doors, and it is as fresh as the day it was bound.

This book was imported last year, and, by the date on the title-page, it was passed duty free, as having been printed and bound over 20 years. We recently showed this book to the appraiser in Boston and asked him, if it came before him with the proviso as above in the tariff, at what period he would assume the binding to have been done. He frankly told us he could not tell whether it had been bound 5 years or 25 years, and as he was working for the United States Government he would naturally give the Government the benefit of the doubt and assess duty on the book as having been bound less than 20 years, and it would then be up to the importer to prove to the contrary. This is something it would be utterly impossible to do. No importer could take an oath as to when the book was bound.

Thousands of similarly bound books are imported by the book trade of America on the assumption that the book, or sets, will be passed as an entirety by the date on the title-page. Should this not continue to be the custom, as it has been under the various previous tariffs, it would throw the importing of such books into endless confusion and cause no end of protest and very materially injure the trade to a great deal larger extent than the value of the revenue thereby collected and to a much greater extent than the protection thus afforded would benefit the binders of this country.

It seems to us that the provision covering the duty on any and all books should be so clearly defined that the importer should not be at the mercy of a "guess" of the appraiser.

We therefore submit that there should be no duty on books printed more than 20 years, even if bound more recently. Such a duty not only would irreparably injure the importing business without any benefit to the home industry, but it would be contrary to the highest interest of the country as being a tax on study and learning. And we further submit that if it were attempted to impose a duty on the recent bindings on old books there would be endless administrative confusion and unfairness by reason of uncertainty, without any corresponding benefit to the binding trade of this country.

FOREIGN LANGUAGE BOOKS.

We also hope that "books and pamphlets printed wholly or chiefly in languages other than English" will be put back in the duty free part of the tariff.

Books in foreign languages do much for the educational side of the American foreign citizen, and as practically no books are printed in a foreign language in this country the importing of such books works no hardship on American labor.

TOY BOOKS.

[Paragraphs 1310 and 1414.]

STATEMENT OF CHARLES E. GRAHAM, NEWARK, N. J., REPRESENTING MANUFACTURERS OF TOY BOOKS.

Mr. GRAHAM. I am a manufacturer of toy books, and speak for all firms who manufacture toy books to any considerable extent in the United States. There are 11 manufacturers, located in 5 States—New York, Illinois, Ohio, New Jersey, and Massachusetts. Those manufacturing concerns are Samuel Gabriel Sons Co., New York City; E. M. Leavens & Co., Rochester, N. Y.; Stecher Lithographing Co., Rochester, N. Y.; McLoughlin Bros. (Inc.), Springfield, Mass.; M. A. Donohue & Co., Chicago, Ill.; the Saalfield Publishing Co., Akron, Ohio; Stoll & Edwards Co. (Inc.), New York City; Hurst & Co., New York City; the Nourse Co., New York City; Ideal Book Builders, Chicago, Ill.; Charles E. Graham & Co., Newark, N. J.

There are five of these firms whose entire business is in the line of toy books, and these five firms are all members of the Association of Toy Manufacturers of the United States of America, as their interest and the sale of their goods lies almost entirely within the toy trade.

The reason I am here under the book schedule is that in paragraph 1310 of the paper schedule there is a clause that covers 95 per cent or more of toy books. It reads:

> Books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight 24 ounces each, with more reading matter than letters, numerals, or descriptive words, 20 per cent ad valorem.

On account of the definition "with more reading matter than letters, numerals, or descriptive words," that clause covers nearly all toy books, and leaves the toy paragraph, in which toy books had been placed since being taken from the lithographic schedule, practically inoperative, so far as toy books are concerned. For the reason that nearly all toy books have more reading matter than letters, numerals, or descriptive words, as even the A B C books usually have verses with each letter and frequently full-page stories opposite the alphabet pages, therefore, we ask the elimination of this entire clause in the toy paragraph, 1310, and the rewriting of the toy-book clause in the toy paragraph, 1414, as requested by the Toy Manufacturers' Association, whose spokesman you so kindly heard at the hearing on last Saturday.

I wish to show you the styles of items on which we are asking this protection.

These are indestructible or untearable books for babies, consisting of two or three pieces of fabric stitched together with a wire staple in pamphlet form. Surely, these are not books in the sense in which that word is generally used. These are flexible paper toy books, similar in construction. The two styles shown cover the styles known as the picture toy books, and in those styles are made many hundreds of subjects usually having a few pages only to a book.

This is a board-covered toy book having an illuminated cover printed on paper which is pasted over the cardboard. These books contain stories of all kinds and range in thickness from 16 to 300 pages. Right there is where the line of toy books stops, without even approaching the dividing line between toy books and children's

books in the endless varieties which are made in the regular book form, as there are other styles made in toy-book lines which come nearer to the regular bound books, which we refrain from including in the definition we propose on account of difficulty that would be encountered in differentiating from books in general.

The Ways and Means Committee of the House granted our request for the inclusion of toy books under the toy paragraph, and the chairman of the subcommittee on the paper schedule agreed to withdraw all these books from the paper schedule, but it seems that when the act was framed in the committee a definition was included in the toy paragraph which nullified the protection sought by the toy book manufacturers, and which was obviously intended.

I submit that these toy books are toys, as they are sold in the toy departments of all the stores and all other places where toys are sold, and depend to a great extent for their sale upon the value shown in comparison with all other toys. I submit that this book is a toy as much as a toy drum is a toy and not a musical instrument; as much as a toy express wagon is a toy and not a wagon; as much as a toy steam engine is a toy and not a steam engine; as much as a cap pistol or air rifle is a toy and not a firearm. I might go on and enumerate a large number of toys of this nature.

So far as our need for protection beyond that requested for books in regular editions, I will state that we have sources of competition entirely different from that of regular educational books, books printed in English. In the picture-book styles Germany has always been the source of our principal competition. They have adapted themselves and know a good deal about our child lore and print the text in English for this market. Germany is the birthplace and home of colored printing in its various processes, the birthplace of lithography. You have heard sufficient of the difference in the scale of wages, which I am told on good authority is not over one-tenth the cost of our production for the goods finished. The reason we are requesting these changes in paragraphs is that each of the paragraphs covers the line in part, one at 40 per cent and one at 20 per cent. The definition attempted in the act as sent over from the House in the toy paragraph reads:

Toy books without reading matter other than letters, numerals, or descriptive words.

Apparently, somebody had in mind a definition or interpretation of the meaning of the term "toy books."

I have a sample here that sells for 5 cents on the American market. This is one series packed 1 dozen assorted of four titles in a package sealed and labeled. Under the House bill one title inside of that sealed package, an A B C book, would be subject to 40 per cent duty under the toy paragraph, and three titles of fairy tales inside of the same package would come in under the book paragraph at 20 per cent. Those books will come in under the toy paragraph at 40 per cent, and these would come in under the book paragraph at 20 per cent. You can see the difference. I selected at random this many samples without going through the different books in detail. I would say that this Night Before Christmas will not be protected under the toy paragraph. This book of animals would be protected under the toy paragraph. Mother Goose Rhymes, Cinderella, Red Riding Hood, and all these fairy tales would not be allowed to enjoy the protection of the toy paragraph.

It is the form or mechanical make-up of toy books that we ask protection on, not the arrangement or contents, as we select our subjects from any field which offers promise of development—rhymes, riddles, music and song, history, religion, science, nature, geography, art, without limitation, as long as we can make books that will amuse, educate, and develop the child's mind through the avenues of color, form, and text.

The toy paragraph now reads:

PAR. 1414. Dolls, and parts of dolls, doll heads, toy marbles, of whatever materials composed, air rifles, toy balloons, toy books without reading matter other than letters, numerals or descriptive words, bound or unbound, and parts thereof, and all other toys, and parts of toys, not composed of china, porcelain, parian, bisque, earthen or stone ware, and not specially provided for, 40 per centum ad valorem.

We ask that the toy paragraph be changed to read:

PAR. 1414. Dolls, and parts of dolls, doll heads, toy marbles, of whatever material composed, air rifles, toy balloons, toy books printed on paper or cloth, unbound, or flexibly bound, or in bindings of cardboard bearing illuminated cover design for children, printed lithographically or otherwise, and all other toys, and parts of toys, not composed of china, porcelain, parian, bisque, earthen ware or stone, and not specially provided for, 40 per centum ad valorem.

There is a slight change of two or three words from that requested by the spokesman of the toy manufacturers before your committee last Saturday.

Senator McCUMBER. You request a change in phraseology rather than in the duty?

Mr. GRAHAM. Correct, sir. We request the entire elimination from paragraph 1310 the clause "Books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight 24 ounces each, with more reading matter than letters, numerals, or descriptive words, 20 per cent ad valorem," and the revision of the toy paragraph. The reason for two or three words being changed is that we think that we have phrased it so that it can be more easily administered, the rate of duty to be same as on all other toys. I believe of course the rate requested on toys is on the assumption that we are to have American valuation and failing that an alternative rate that would give equal protection.

I will be glad to leave these samples for reference.

FOREIGN-LANGUAGE BOOKS.

[Paragraph 1310.]

STATEMENT OF HERMAN TAPKE, BROOKLYN, N. Y., REPRESENTING THE FRED PUSTET CO. (INC.).

The CHAIRMAN. Mr. Tapke, where do you reside?

Mr. TAPKE. In Brooklyn, N. Y.

The CHAIRMAN. What is your business?

Mr. TAPKE. Church books.

The CHAIRMAN. To what do you desire to address yourself?

Mr. TAPKE. Prayer books and other religious books which are to be entered free of duty, possibly.

The CHAIRMAN. What I want to get at is this: Do you speak for all those interested in these books entering free of duty?

Mr. TAPKE. I speak for a great majority of the larger importers. We ourselves are importers of such books.

The CHAIRMAN. The committee is in receipt of scores of letters relating to this subject, and also has many visitors.

Mr. TAPKE. I think I can cover it pretty thoroughly in a short time.

The CHAIRMAN. Do you want to read your manuscript?

Mr. TAPKE. I have a few notes that I would like to give to the committee, with your permission.

The CHAIRMAN. There are some 12 or more witnesses on books alone.

Mr. TAPKE. I do not think they appear on this subject.

The CHAIRMAN. On what subject?

Mr. TAPKE. The subject of religious books printed in foreign languages. That is the subject to which I wish to address myself. I appear on behalf of various importers of prayer books and other religious books printed in foreign languages.

The CHAIRMAN. Very well; proceed.

Mr. TAPKE. Under the proposed new tariff act these books would fall under paragraph 1310, which imposes duties ranging from 20 per cent to 33⅓ per cent, according to the character of the binding.

We request that the books hereinafter enumerated be provided for under the proposed paragraph 1520, so that that paragraph will read as follows:

1520. Bibles, comprising the books of the Old and the New Testament, or both, bound or unbound; books and pamphlets, bound or unbound, printed wholly or chiefly in languages other than English, that are used or intended to be used in connection with religious ceremonies or in association with religious festivals either by the clergy or by the laity or that are used or intended to be used by the clergy or in religious educational institutions.

That is the paragraph we are asking for.

For at least 40 years books of this class were admitted free of duty under our tariff acts or laws.

Senator WATSON. That is a new paragraph?

Mr. TAPKE. Formerly they came in under books printed in foreign languages free of duty. Some one has eliminated that paragraph entirely.

Senator SMOOT. Do you speak of Bibles?

Mr. TAPKE. I am speaking principally of books used by the Catholic Church.

Senator SMOOT. Bibles are on the free list.

Mr. TAPKE. Bibles are. I am asking that this paragraph be added to the paragraph covering Bibles.

Senator SMOOT. Why should not books of all foreign languages be admitted free as well as religious books, then?

Mr. TAPKE. Why shouldn't they?

Senator SMOOT. Yes.

Mr. TAPKE. I can not answer that question. For many years books on philosophy, theology, and history, and books used by the Catholic Church have been admitted free of duty when printed in foreign languages. I do not know why they should not be admitted free of duty.

The CHAIRMAN. Are you a publisher?

Mr. TAPKE. Yes, sir; of English books. We publish prayer books, Bibles, etc.

The proposed new tariff act eliminates the provision for books printed in foreign languages, and the result is such books will be dutiable with but few exceptions under paragraph 1310. There is a provision in paragraph 1531 permitting free entry of two copies of books for incorporated religious institutions, but the increased cost of such special importations and the delay in arrival after order is placed nullifies that paragraph.

The CHAIRMAN. Why should you make a difference between books printed in a foreign language and those printed in English?

Mr. TAPKE. Because these particular books we speak of are not printed here. They can not be had at all. They are not published in this country.

Senator SMOOT. Why aren't they published here?

Mr. TAPKE. Well, because, first of all, the Church of Rome requires that they be printed by a printer approved by the Vatican. Perhaps that permission could be gotten. These books, however, are distributed through the entire world. These printers have such tremendous editions. They furnish them to Spain, to Portugal, to South America, to France, to Italy, and to Germany. They have the whole world before them.

Senator SMOOT. That is one good reason why they should pay a duty on coming into this country. If they have such an advantage as that as against the workmen of this country, why shouldn't they pay a duty?

Mr. TAPKE. If the workmen in this country can do the work.

Senator SMOOT. They can do it.

Mr. TAPKE. I do not think they can. I have specimens of books, if the committee cares to see them.

Senator WALSH. They are in Latin.

Mr. TAPKE. Principally in Latin. There is the mass books, the missal, the breviary, and the office that the priest recites. It is a four-volume book.

Senator WALSH. Are any of the office books printed in this country?

Mr. TAPKE. No; none are printed in this country.

Senator WALSH. None at all?

Mr. TAPKE. Not that I know of.

The classes of books which are the subject of our brief recently submitted to the committee are prayer books used by the Roman Catholic Church and laity; religious educational books used by students for the priesthood in Roman Catholic seminaries, schools, colleges, and academies.

Senator WATSON. What duty is it that you complain of—this 20 per cent ad valorem?

Mr. TAPKE. It runs from 20 to 33⅓ per cent, depending upon the binding.

Senator WATSON. You complain of that duty, do you?

Mr. TAPKE. I complain of the duty because the church has always had the privilege of free importation of liturgical books.

Senator SMOOT. You want a certain classification coming under this paragraph 1520.

Mr. TAPKE. I can see no reason for assessing a duty on our books. They are not printed in this country. Why give them protection when they are not printed?

I have reference to books used on the altar during the celebration of the mass and other religious ceremonies of the Roman Catholic Church; also to books of religious character used by the Roman Catholic clergy in connection with their duty, such as theology, philosophy, history, canon law, sermons, etc.

I have a few of the books here. These are books that I was able to pack in my grip. They will give you an idea of the character of the work. This is a small missal. This [indicating] is a book on theology published in three volumes.

Senator SMOOT. You mean to say they can not make that book in this country?

Mr. TAPKE. I would not say that, Senator, but they could not make it and sell it successfully. If we had a works of that kind, we could sell 800 sets. No publisher would undertake it.

Senator MCLEAN. They are not published in this country at the present time?

Mr. TAPKE. No, sir; they have never been published.

Senator SMOOT. They will never be unless they are protected.

Senator WALSH. As I understand your point, it is that those who are in religious training in the seminaries in this country and all over the world for the Catholic priesthood use these textbooks, and the books can be produced only at some one place in the world.

Mr. TAPKE. Yes. They use the same subjects, but there may be different authors.

Senator WALSH. This book here, for instance, is what?

Mr. TAPKE. That book is used at the mass for the dead; it is used at burials, etc.

Senator WATSON. Where are they published?

Mr. TAPKE. In Italy, France, Belgium, and Germany.

Senator MCLEAN. What is the total importation?

Mr. TAPKE. I want to give you the classes of the books if I have not done so.

Senator WATSON. You have given them.

How many are imported each year?

Mr. TAPKE. Prayer books, $50,000; religious educational books used by students for the priesthood, $100,000; books used on the altar during religious ceremonies, $200,000; books of religious character used by the priesthood and laity, $50,000; making an approximate total annually not in excess of $400,000.

Senator MCLEAN. What year is that?

Mr. TAPKE. That was gathered for a period of 10 years.

Senator MCLEAN. That is the total importation?

Mr. TAPKE. The total importation per annum.

Senator MCLEAN. Then that is the average?

Mr. TAPKE. Yes, sir.

Senator MCLEAN. For 10 years?

Mr. TAPKE. Ten years.

Senator WALSH. I can understand about the mass books and a certain character of books used in the ceremonies of the church, but I can not understand why books of philosophy in Latin and books of theology in Latin can not be made in America as well as in Europe.

Mr. TAPKE. For the reason that there is not enough demand in America for special editions. If you, for instance, were to make that book [indicating] and make the plates, it would cost you a fortune.

Senator WALSH. I am accepting that.

Mr. TAPKE. I would say the same of theology.

Senator WATSON. The total imports, according to these statistics, were $338,690, which included books for the use and by order of any society, etc., established solely for educational, philosophical, scientific, literary, or religious purposes, or for the encouragement of the fine arts, or for the use and by order of any college, etc., or seminary of learning in the United States, or any State or public library, and not for sale. That total was $338,000.

Senator SMOOT. I notice that this book you have here was printed in Germany.

Mr. TAPKE. That is a German edition for which we have the agency.

Senator SMOOT. Why shouldn't any of these other lines ask to have their books come in free?

Mr. TAPKE. I do not know anything about the other lines. I can not present their cases. I know only of the Catholic Church.

Senator SMOOT. That would be the only policy to adopt. If we want them to come in, we will put them on the list.

Senator MCLEAN. What is the retail price of that book [indicating]?

Mr. TAPKE. That is $4.50, sold here.

Senator MCLEAN. How much does it cost?

Mr. TAPKE. About one-third off.

Senator WALSH. Does that change every year?

Mr. TAPKE. That book does not change every year, but it changes, perhaps, at a time when the congregation order changes in the mass, which has been done recently.

Senator SMOOT. Don't you think we can print that book just as well for $3 as that copy that you have there is printed?

Mr. TAPKE. I do not think so.

Senator SMOOT. Well, I do.

Senator WALSH. That book is used by every clergyman. He may have it for 20 years. There may not be more than a thousand used. A man just ordained buys one of those.

Mr. TAPKE. He buys a book like that. He can keep it for 25 years unless, as I say, there should be changes which may occur. Then those changes come in the shape of supplements which he can purchase for a little and put in.

I think I have covered the matter.

I also want to call attention to the fact that our church has the most positive and gripping influence upon its believers. Our priests have lectured and preached strongly against bolshevism and socialism.

I notice that one of the paragraphs in the proposed new tariff act permits free entry to various articles, such as original paintings, pastels, drawings, sketches, original sculpture, statuary, work of art, and antiques. I submit that if works of art are entitled to entry free of duty, then surely things pertaining to religious work or preparation for the priesthood should have equal consideration.

Senator SMOOT. You would not object to taking in all books for religious purposes?

Mr. TAPKE. No, sir, not at all. In fact, I should be glad if you could see your way clear to embody that. I should like to see every church have the privilege of procuring books free of duty.

I want to call your attention to the fact that you provide for Bibles free of duty. Why not provide for books of this kind, which are read so much oftener? If a foreigner is able to get his prayer book in a foreign language he reads that oftener than he does his Bible.

MISCELLANEOUS BOOKS.

[Paragraph 1310.]

STATEMENT OF JOHN MACRAE, NEW YORK CITY, REPRESENTING THE NATIONAL ASSOCIATION OF BOOK PUBLISHERS AND THE AMERICAN BOOKSELLERS' ASSOCIATION.

The CHAIRMAN. What is your name?

Mr. MACRAE. My name is John Macrae. I speak for the American Booksellers' Association and for the National Association of Book Publishers. I think one other gentleman speaks for the American Library Association, and one for the National Educational Association. I am not acquainted with either of them.

The CHAIRMAN. You can state your position very briefly to the committee. You do not need to go into a long argument.

Mr. MACRAE. I speak for Mr. Charles E. Butler and for the National Association of Book Publishers.

The CHAIRMAN. You are located where?

Mr. MACRAE. New York.

The CHAIRMAN. And what is your business?

Mr. MACRAE. Vice president of E. P. Dutton & Co.

The CHAIRMAN. All right.

Mr. MACRAE. I appear before you in the interest of imported books. I come not only to represent my own business—that of E. P. Dutton & Co.—but by special appointment from the National Association of Book Publishers, New York, and for the board of trade of the American Booksellers' Association, New York.

Books should not be classed in the usual category of merchandise. It is true that they are like men—composed of body, mind, and spirit. The body or material part of the book is the only portion which can be rightly taxed. If you undertake to tax the two other elements in a book, you arrive at an impossible position. Books are more akin to human beings than anything else made by man. The spirit of the book or the contents is the thing which makes it of value to the reader. Since the beginning of our country books have been thought of by the forefathers of the Republic as channels of education. I can state with confidence that for every book imported into the United States there has resulted the manufacture of 10 books or more as a consequence of this importation. This statement in itself is a sufficient argument to make it desirable that Congress should lift from the importation of books every practical burden. I can state from personal knowledge that there is no need of any protection whatsoever for books.

The American maker of books can make books as cheaply as any other manufacturer of books in any other part of the world. The actual physical cost of manufacturing a book depends largely upon the number of copies to be manufactured. For instance, a book of 300 pages, the setting of the type and the plates of which cost $600—if 1,000 copies are printed, the setting and plates alone amount to 60 cents per copy; whereas if 10,000 copies are printed from these

plates, this cost is reduced to 6 cents per copy. America, having the largest and most intelligent population per capita, provides at once by far the largest book-buying public in existence. The publishers of our country and the booksellers of our country are intelligent, loyal Americans; and it is their desire to bear any part of the necessary burden for revenue which Congress may feel should be properly assessed for revenue purposes on imported books.

From the early history of this country to the present time editions of books have been purchased by American publishers from English publishers. The method of purchasing these books or the price at which they were purchased has been fixed by an unbroken trade custom, namely, the American publisher by consultation with the English publisher agrees upon the price of a given quantity of a certain book for the American market. These editions range mos tly from 250 and rarely exceed more than 1,000 copies of an important book. This price agreed upon between the buyer and the seller i remunerative and profitable to the English publisher (the seller). The smaller number of these editions, for economy's sake, is usually imported bound, whereas the larger number, for economy's sake, is usually imported in sheets.

The overwhelming majority of books imported from England are used for educational purposes, or they are for collateral reading in specialized subjects, either in educational classes or as informative books used by the educators of the country in preparation of their specialized work. It is now a rare thing for any quantity of a purely ephemeral book to be imported from England. The unique conditions of the book trade make it necessary to manufacture the book on this side of the Atlantic, in case of any real or large public demand. One may import a small quantity of an English book for trial purposes; but if the American public are interested in a book and there is a wide public demand, the American publisher immediately sets the book here, prints and manufactures it in America, because he can as a rule manufacture it more cheaply than he can import it; and besides this point, he can print, bind, and issue it to the public within a much shorter time than the same book could be gotten if imported from England.

From the time that Senator Sherman was Secretary of the Treasury, in 1877, there have been difficulties encountered by the importing publishers with the Treasury Department, on the subject of what has been termed foreign wholesale market value. The publishers of the United States earnestly pray you to cause to be drawn a clause covering books, which will make the duty to be paid on imported books levied on the price of the book the publisher here pays to the publisher in England. It must be noted by Congress that the conditions existing in the publishing business are different from that of any other business known to this witness. It is a well-established fact that the publishers in England buy from the book manufacturers in England on practically the same trade conditions which prevail between the publishers and the book manufacturer in the United States.

American publishers are continually and increasingly selling editions to the British market on precisely similar arrangements which American publishers have with English publishers. For instance, the American publisher manufactures a certain book, and he sells an edi-

tion to Great Britain or to Canada or Australia, at a price entirely different from the price he sells the book to America; and vice versa, the English publisher sells an edition to the American publisher on practically the same conditions as to price, terms, etc. The trade reason for this arises from the fact that not one book out of every hundred published in England has any market in the United States at all until the American publisher publishes the book with his imprint, and under his patronage offers it to the American book-buying public, and through expensive advertising and direct circularizing brings it to the attention of that part of the public interested in this particular book. And precisely the same conditions exist when an American publisher sells an edition to Great Britain, to Canada, or Australia. Books have been in the past, they are largely now, and likely to become increasingly so, the beacon lights of progress. The Bible, for instance, has been the greatest medium of civilization given to the ages—it is the Book of Books—and in a lesser degree the great books of the world have given, are giving, and will continue to give enlightenment to those willing and ready to use them.

When the country was small and the conditions of the Treasury Department not so overwhelmed with details of international importance, the publishers by special appeal were able to show to the Secretary of the Treasury the injustice of assessing duty on imported books on any other value than the price paid by the importing publishers to the English seller or publisher. This question as to the foreign wholesale market value of books in England arose in 1877 under Secretary Sherman; and he issued an order that in view of the very peculiar conditions prevailing in the book trade the appraising officers throughout the country should accept the importing publisher's invoice unless there was some reason to doubt the integrity of the invoice. The same question of wholesale market value arose during the time Mr. Gage was Secretary of the Treasury, and again when Mr. Shaw was Secretary of the Treasury, and still again when Mr. MacVeagh was Secretary of the Treasury. In all three of these instances the Secretary of the Treasury issued an order falling back on the original order of Secretary Sherman, and instructing the appraising officers to accept the publisher's invoice. During the Wilson administration this same question of wholesale market value of imported books came up again; and the publishers as in former years appealed to the Secretary of the Treasury and finally to the President for relief. No relief was granted; and as a result we ourselves and nearly every importing publisher of any importance or standing were penalized unjustly for some thousands of dollars; and we have been compelled to advance the value of our invoices to meet this erroneously arrived at wholesale market value, so that the duty on books has been wrongly increased, and as a result an unnecessary burden placed upon the educators and the readers of our country who buy books from these imported editions.

As publishers and booksellers, we ask Congress to consider the high educational importance of books and the very limited importance of needed protection for books, and the very limited importance of the amount of revenue to be collected from imported books, and to arrive at a duty based on the ad valorem value of the imported book on the price paid to the English publisher.

We would also here emphasize the fact and urge upon Congress that there should be incorporated in this book clause of the new tariff a statement that author's royalties are not to be construed as forming a part of dutiable value when books are imported in edition lots. Author's royalties form no part whatsoever of the physical cost of the book; they are separate and distinct from the manufacturing costs, as they are almost invariably arranged for between the importing publisher and the author or the importing publisher and the author's agent. Author's royalties, therefore, should in nowise be construed as forming a part of the dutiable value of imported books. All enlightened and educated Americans feel disposed to blush with shame when they are faced with the statement that the United States insists in many instances upon placing a duty on the amount of royalty paid to the authors of books, when purchased and imported in edition lots.

I may state that it is probably a unique thing for a representative of an American association with such a large amount of capital invested, as is the case with the American publishers, to appear before this committee and state, as the representative of the publishers in this country, that we request Congress to make the duty on books as low as possible, and we request that this duty should not, under any circumstances, exceed 25 per cent ad valorem on books printed in English and that in our judgment it would be wise and fitting that Congress should assess the dutiable value of imported books from England at 15 per cent ad valorem. It may be noted here in passing that the duty on books imported into the United States has never exceeded 25 per cent.

Further, as the representative of the National Association of Book Publishers, I urge upon you that all books in foreign languages should be kept on the free list. It was a Republican Congress that placed books in foreign languages on the free list, and there they have remained through all the successive tariff acts, both Republican and Democratic. I would urge upon you the fact that these books in foreign languages are almost invariably of a highly educational value, or if not of an educational value they are used by foreigners in this country who are unable to read English. It is a well-known fact, substantiated from every corner of this country, that the children of foreigners invariably throw over the foreign-language books and become enthusiastic readers of books printed in English. It may startle you to realize that 60 per cent of the English-speaking people are in the United States and 70 per cent of the English-speaking people in North America. This fact guarantees a continuing increase in the manufacture of books in America.

I also urge upon you in the name of the publishers of our country to put books over 20 years of age on the free list. Books over 20 years old were placed on the free list by a Republican Congress, and there books over 20 years old have been kept on the free list, through all the successive tariff acts until this present one.

There can be no need or excuse whatsoever for protecting books in foreign languages or books over 20 years old. These books do not compete with American manufacture; they are in the truest sense instruments of education, and they should be on the free list. Books in raised letters for the blind should also remain on the free list, and

it is my personal opinion that books for educational purposes should remain on the free list, as this is an enlightened state of affairs, such as a great Government like ours should keep in force.

The booksellers and the publishers urge with all the enthusiasm and spirit of their profession that your committee give the most careful consideration to the dutiable value of books; that there shall be free books in foreign languages, free books over 20 years old, free books in raised letters for the blind, free books for educational institutions; and that the duty on books imported from England should not be more than 15 per cent, and that the method of assessing this duty should be ad valorem and not American valuation. We can not urge upon you too strongly, with all sincerity, that the idea of assessing duty on the basis of American valuation for imported books is impractical, and would result in unending irritation, difficulties, and loss to the importers of books; and thus become a source of injustice to American educators and readers.

The National Association of Book Publishers and the American Booksellers Association, urge you to relieve us in this new tariff from the burdens, annoyances, and losses we have sustained in the past, by giving to us a clause which will make the duty to be collected based on the actual price paid for books in the foreign market; and that it will also provide and definitely state that author's royalties are not to be construed as forming a part of the dutiable value of imported books.

Thank you, Senator Penrose, and the distinguished members of the Finance Committee, for your consideration and patience in hearing me on this matter.

Senator McCUMBER. What have you to say with reference to that class of books of which the material used in the binding is of considerable more value than the contents?

Mr. MACRAE. I think, sir, that the number of books of that kind imported and the amount of the importations is so small in comparison to the educational value to the limited public who buy them that it would be wise to continue them as of old. If the books are less than 20 years old we pay the duty assessed on books; if they are more than 20 years old they come in free. There is no doubt, sir, that there is a certain amount of injustice in admitting books over 20 years old rebound.

Senator McCUMBER. The real question, it seems to me, would be the question of importation of the binding more than of the printed matter.

Mr. MACRAE. I should think that is true. In fact, it is true; but the amount of imported leather-bound books is small in comparison to their educational value. I am quite convinced of that. The few expensive books brought over here are usually largely works of art and used to increase the aesthetic sense.

Senator McCUMBER. If they are books that are to be imported for their inherent value because of their contents, why should not books printed in English come over here free from duty as much as books printed in a foreign language? They are both supposed to convey some information or intelligence. Why should we pay any less or make any difference between a book printed in English than a book printed in French?

Mr. MACRAE. Only for educational reasons. A book printed in English may rightly and properly be set and printed over here with a chance of selling a sufficient number to pay the cost of doing it; whereas, a book printed in a foreign language, the sale is so small that if compelled to be set here would raise the price so high that the advantage to the country would be lost.

Senator DILLINGHAM. In that connection, do you know anything about what proportion of books printed in foreign languages are taken up by colleges and educational institutions of this country?

Mr. MACRAE. I have been unable to get up those figures. There are some gentlemen here to speak for the educational association and for the American Library Association, and they may have those statistics. It has been impossible for me to get them.

Senator MCCUMBER. The committee is very much obliged to you.

RARE BOOKS.

[Paragraph 1310.]

STATEMENT OF DR. A. S. W. ROSENBACH, REPRESENTING FREE LIBRARY OF PHILADELPHIA.

Dr. ROSENBACH. My name is A. S. W. Rosenbach, Philadelphia.

I will only keep you for a few minutes, gentlemen, because the last two speakers have dealt very fully with the subject. I represent the Free Library of Philadelphia, the American Library Association, the rare-book trade of the United States, and myself as an importer of books.

It is urged that the act of 1913, paragraph 425, that is, "Books, maps, music, engravings, photographs, etchings, etc." be restored to the free list, and my reasons are a little different from the others, and therefore I will only take a minute.

First. To place a duty on books over 20 years old is an attack at the very heart of scholarship and civilization and has never been attempted in the history of the United States.

It is a serious hindrance to those contemplating the establishment of libraries so necessary to any country. Most of our book collectors have given their libraries to the people and instead of deterring, every effort should be made to encourage them.

Second. It does not protect or encourage American industries, as the act places a duty on books from the first book printed in 1455 until the present time; the average of the books now being imported being over 100 years.

If it is desired—and this is in answer to your former question—to protect American binders, a proviso may be inserted that where a book carries a binding executed within a period of 20 years from the date of the importation such binding should only be subject to a duty. I think that is where the confusion is. The binders have placed it on the book itself, for instance, an old edition of Keats or Shakespeare, instead of putting the duty on the binding. If they went according to the way the act reads at the present time, a book costing a thousand pounds—a very old quarto of Shakespeare—the duty would be on the full amount, which would be a very disastrous thing to do, because, for example, Huntington has given his library to the State

of California. This man spent $8,000,000 for that library. To-day, in some respects, the Huntington Library is greater than the British Library, which took over 200 years to accumulate. I may say that England would not want anything better than the putting of 20 per cent upon old books, because she is taking methods to keep the books in her country, knowing what a glorious thing it is to have these books in America.

So, if the binders want a duty on rare books, it should be on the binding itself and not on the books.

Third. As a revenue measure it would amount to very little, as the entire value of books over 20 years old imported into the country averages less than $900,000 a year, and would thus furnish the Government with a sum not worth while; and in case the act went into effect, the said importation would practically cease. In that $900,000 I do not mean to include the books that come in free to the libraries, but just those that go to the collectors and book sellers. I might say under that clause, if the binders wanted it for their own protection, that if it went into effect they would not have any books to bind. But if you would put the duty upon the binding itself, I think everyone would be satisfied.

BRIEF OF A. S. W. ROSENBACH, REPRESENTING THE FREE LIBRARY OF PHILADELPHIA.

It is respectfully urged—

(1) That the provisions of the act of 1913, paragraph 425, i. e. "Books, maps, music, engravings, photographs, etchings, lithographic prints, bound or unbound, and charts which shall have been printed more than twenty years at the date of importation" be restored to the free list. (Par. 1529.)

(2) That books in foreign languages be restored to the free list.

(3) That as to importation by libraries, the present law be restored which sets no limit to the number of copies importable but only limits the number importable in any one invoice.

The reasons for the objections to paragraph 1310 of the present Fordney tariff act are as follows:

I. To place a duty on books over 20 years old is an attack at the very heart of scholarship and civilization and has never been attempted in the history of the United States.

It is a serious hindrance to those contemplating the establishment of libraries, so necessary to any country. Most of our book collectors have given their libraries to the people and instead of deterring, every effort should be made to encourage them.

It would prove a real hardship to students and scholars all over the country.

II. It does not protect or encourage American industries, as the act places a duty on books from the first book printed in 1455 until the present time; the average age of the books now being imported being over 100 years.

If it is desired to protect American binders a proviso may be inserted that where a book carries a binding executed within a period of 20 years from the date of importation such binding only be subject to a duty. Under the clause as contemplated there could be few books imported and the binders themselves would have practically no books to bind.

III. As a revenue measure it would amount to very little, as the entire value of books over 20 years old imported into the country averages less than $900,000 a year, and would thus furnish the Government with a sum not worth while; and in case the act went into effect the said importation would practically cease.

IV. That it has always been the custom of the United States to admit foreign publications free so that the foreign born, as well as students, should have free access to the educational literature of all nations.

V. That public libraries should have the privilege, as in the past, of importing into the country the number of copies suitable for their own needs.

BOUND BOOKS.

[Paragraph 1310.]

STATEMENT OF FELIX J. BELAIRE, REPRESENTING INTERNATIONAL BROTHERHOOD OF BOOKBINDERS, WASHINGTON, D. C.

Mr. BELAIRE. I represent, Mr. Chairman, the International Brotherhood of Bookbinders, or, in other words, the journeymen bookbinders. We feel that because of the inadequate tariff on imported bound books that we are placed at a disadvantage, due to the fact that wages are much lower in foreign countries than they are in this country, and we would ask that in giving consideration to these matters that you take that into consideration, from the fact that the valuation placed on these books is the foreign valuation and not the American valuation.

I am not going into any elaborate discussion. I will just confine myself, if I may, to the filing of a brief, which covers the points which we wish to emphasize.

Senator McCUMBER (presiding). In that brief have you the difference in the cost of labor at home and abroad?

Mr. BELAIRE. Yes, I have, Senator.

Senator McCUMBER. And other pertinent facts?

Mr. BELAIRE. Yes, Senator.

STATEMENT OF EDWARD F. McGRADY, AMERICAN FEDERATION OF LABOR, WASHINGTON, D. C.

Mr. McGRADY. Mr. Chairman, I represent the American Federation of Labor. I just want to say that the American Federation of Labor has indorsed the stand of the bookbinders in asking for an American valuation to be placed upon imported books.

Senator McCUMBER. What have you to say in reference to the suggestion of Dr. Rosenbach that the duty should be fixed, on these very old books, rather upon the binding itself than upon any peculiar value that attaches to the book.

Mr. McGRADY. I believe that the duty should be placed upon the binding on old or rare books. Of course, there are thousands of copies of books printed in America on new subjects, and these books are shipped abroad to be bound, and then sent back to the United States again to be sold, thereby keeping out of work hundreds and hundreds of American bookbinders.

Senator McCUMBER. Then, if I understand you, in the case of a book of very great age, antiquity, and scarcity, there is a very heavy tax; it might be worth several thousand dollars?

Mr. McGRADY. Positively.

Senator McCUMBER. What you desire is not a special duty of 15 per cent upon that or 25 per cent upon the value that is in the book, but the value of the binding.

Mr. McGRADY. Absolutely.

I desire to impress upon the committee the fact that the American Federation of Labor is in favor of the American valuation as requested by the bookbinders, and that further we have received scores of letters and telegrams from international organizations requesting that any tariff placed upon foreign importations should be based upon the wholesale selling price in America.

STATEMENT OF DANIEL S. BRASSIL, REPRESENTING EMPLOYING BOOKBINDERS OF AMERICA, NEW YORK, N. Y.

Mr. BRASSIL. I come, gentlemen, to talk on paragraph 1310 and 1520, and also to reply to some of the arguments that have been made to you to-day with reference to books that are printed in foreign language, and of the books that have been printed more than 20 years.

First, referring to 1310, and for the purpose of stating why we want an increase, we know that since the war ceased there are any number of publishers throughout the country—and the gentleman who spoke to you this morning in reference to missals, etc., is one of them who is sending his books abroad to Belgium, where they are making books to-day for a price, supplying the paper, the printing, and the binding, for practically the same price that the binding is asked for in New York. He said there were no Catholic books produced in this country. But I say to you that Bensinger produced a missal here last year that was printed and bound in New York which was very satisfactory. There were 5,000 copies of them made and sold in this country. It is possible for us if we get protection sufficient to do many of the things that we are not doing to-day.

Since the war ceased, and within the past year particularly, these publishers who were unable to obtain their work during the war in Europe and had the work done in the United States at once started to send it back again as soon as they could get it produced over there at the lesser cost.

It is not a fact that they can not get the work done here in the United States. I as a bookbinder would be ashamed if it were possible that we could not do work here as well as it can be done abroad. You gentlemen, who are Americans, know that.

I have come before you, not to this particular committee, but I was before the committee at the time the Payne bill was passed and the Underwood bill, and I brought books of this kind making a plea for extra binders; I am a different kind of binder myself, and am not interested in so far as the performance of this work is concerned; I bind the ordinary cloth book and put out 15,000 a day. But I have seen books like this sent abroad [exhibiting volume to the committee] by booksellers in this country, buying sheets in sets, sometimes a hundred sets at a time of 15 volumes or 1,500 books, buying thousands of them in the aggregate amount, one bookseller; for instance, John Wanamaker would buy 2,500, 5,000, or 10,000 books, send them abroad and have them bound for $1.25 per volume on the other side, while over here it would cost $1.95, the difference being in labor altogether and nothing else, and then bring them in here.

Senator McLEAN. What unit would that be?

Mr. BRASSIL. $1.25. That was before the war; I will tell you later on the price to-day.

Senator McLEAN. Per volume?

Mr. BRASSIL. Oh, yes; per volume; and they would still appear then as if bound in America. They have told us that they have no men in this country that are capable of producing the work, and the bookseller and the publisher who say that are directly responsible for it, because they are taking away commercial work such as that—in doing commercial work the young men as apprentices would acquire the knowledge of binding books. That is worth [exhibiting

volume to the committee] $225 or $250 to bind. That book is all inlaid. It is what is called a de luxe edition; and here is another [exhibiting another volume to the committee].

It takes a young man years and years to acquire the knowledge and ability of binding that book. He can not get an opportunity to bind that book unless he has first acquired some knowledge on this [illustrating]—that is, the commercial book. But because of the low price, and the low duty not being sufficient to offset the difference in the wage cost over there, which is only 50 per cent of our American wage, they are able to send over to the other side the books, have them bound, and bring them back here and sell them for less than if bound in America; but they do not make such a great difference; in the selling price it is just below what it would be if bound here, so that it pays them to do that.

Senator McLEAN. In what country are they bound?

Mr. BRASSIL. England in particular. There are four binders in England—Sandowsky, Zansdorf, Birdsall, and Revere. A gentleman came here a few moments ago and spoke about the books printed more than 20 years. We do not want to prevent that book from coming in at all; that is not our idea. But some New York booksellers have men over in England now, they have them by the year, who do nothing else but go through the country and comb every bookshop throughout the country there, looking for any old editions, in expectation of finding something that is really worth while. They bring those books down to London, have them bound, and send thousands of them over here, every one bound, and because the date on the title-page is more than 20 years old it comes in free, though just bound.

And it has been known, also, particularly in editions of Thackeray, the first edition of which was published in 1857, 1868, and 1869, and the publisher never changed the date after 1869. Every time it came in it came in free, until the inspectors of the customhouse discovered something was wrong.

I do not want to say that they did that intentionally, but the publisher knew that it was a book that had not been printed more than 20 years; but he took the advantage of it.

What I am making my plea for mostly is that you either give us the 35 per cent that you have put on there, and, if possible, increase it to 50 per cent—that is, for extra binding. You may word it that books printed and bound more than 20 years ago shall come in free. That would be perfectly satisfactory to us—"books printed and bound more than 20 years," and that would offset the other request on letting the old books come in free.

Referring to the gentleman who spoke on the libraries and religious institutions: The workman who works in this country, whether he is working on a Bible or religious book or educational book—and all books are educational, I do not care what it is; it might be the merest novel—those men have to obtain their livelihood; they have to earn something, and why should not they receive the protection that other mechanics in other lines of trade obtain?

Why should educators be asking that everything pertaining to education should be given to them free, and that those who are connected with distributing the education could give their services free? That is not fair; that is not right treatment of those who are connected

with those lines, religious or educational. The men who are dependent upon them have got to live, and they have got to supply and feed families just the same as the men in other lines, and therefore they should have some protection. That is why we want to get the protection on the religious books and on the ordinary books, and I tell you and I sincerely hope, gentlemen, that this trip of mine and the trip made last spring to the Ways and Means Committee are going to bear some fruit. I want to be able to come down here sometime within 10 years and say, "Gentlemen, these books [referring to de luxe editions] have been bound here by young Americans that we are proud of, and we do not have to go to England to get our extra books bound," and nine-tenths of the books that are bound to-day in extra binding are bound in England, and there is no reason for it; and these that I am showing you have been bound in New York City.

STATEMENT OF ALFRED E. OMMEN, NEW YORK CITY, GENERAL COUNSEL FOR THE UNITED TYPOTHETÆ OF AMERICA.

Mr. OMMEN. I am general counsel for the Typothetæ of America, which, in plain English, is the employing printers of America. We have about 5,000 plants scattered all over the United States, and the printing industry, I believe, is the fifth industry of the United States We have about 500,000 people employed in it, and our product represents about $1,000,000,000 a year in the country. I think the last figures were about $980,000,000.

The men and women employed in our industry are receiving good wages, and it is a well-established industry. However, it has to compete with much lower wages and longer hours abroad, and for a great many years it was quite profitable and is still for concerns, for instance, like Colliers or other concerns—yet, as you will remember, not very long ago, if you subscribed for this [indicating book] we gave you a set of Bryan's speeches, or we gave you a set of the history of the world, or we gave you a set of these books [indicating other books].

All those premium books—sometimes they were given and sometimes they were sold, 10 volumes at $3 or $4 a set; and you subscribed for the Review of Reviews, or for Colliers, probably at the full price, and then we gave you this set of books [indicating] at a very low figure.

Thousands and thousands of these books were not made at all in this country, because it was very much cheaper to send the plates to the other side and have them printed and bound, and pay the duty in this country and distribute them here. A 15 per cent duty was not high enough to save those premium bound books, and the result was that the industry here lost a great deal of money and a great deal of business.

I have here a research report of the National Industrial Conference Board, and if Mr. Brassil will help me out, so that you can see on the question of wages. The official figures of weekly time rates in 27 towns in Great Britain, in December, 1920, hand compositors, book and jobbing work, $17.48. To-day in the city of New York a hand or machine compositor working 44 hours a week gets $50 a week; in 27 towns in Great Britain he gets $17.48.

Weekly wages in printing trades of cities of various sizes of England for November, 1920, compositors to bookbinders and jobbers, $15.45 to $18.26.

Mr. Brassil, what do the bookbinders pay in New York?

Mr. BRASSIL. $42 to $44. So that English compositors and bookbinders receive $15.45 to $18.26, against $42 to $44 in the city of New York.

Senator DILLINGHAM. In what year was that compilation made?

Mr. OMMEN. It was made this year, in August, 1921. And these rates represent 162 to 176 per cent increase over July, 1914, rates.

Senator CALDER. Is England your only competitor?

Mr. OMMEN. No; Germany and France and Switzerland. France, for instance——

Senator CALDER (interposing). They do not expect to bind books in English in competition?

Mr. OMMEN. No; the English books are generally bound in England. But in France, for instance, in a number of the cities there, the bookbinders on the basis of exchange receive from 35 cents to $1.53 a day.

So that you see that the great printing and bookbinding industry of this country is—and the figures here were not obtainable for Germany against England and against France—and the wages here are two and a half times at least higher than they are abroad in those countries.

Senator CALDER. Are the English bookbinders better or worse than ours; do they do more or less for a day's work?

Mr. OMMEN. I wanted to come to that, Senator. The working hours run from 44 to 48 a week, and I think generally in England at this time there is an 8-hour day in some of the industries, but a lot of the figures of the early wages were based on 10 or 12 hour day, and it is possible that they still may maintain, but I have not come to that.

Senator CALDER. Are the wages announced by you for New York City the same in other large cities throughout the country?

Mr. OMMEN. They are, I think, a little lower than they are in Chicago. In New York we pay $42 a week for bookbinders, on a 48-hour wage, and the last adjustment made in Chicago was $37.50 on a 44-hour week. So that between New York and Chicago they are about the same. In Boston, I think, they may be just a little lower.

Senator CALDER. Has there been any reduction in the pay of bookbinders recently?

Mr. OMMEN. Yes. That adjustment in Chicago came after a strike where they used to get about $42 per week based on a 48-hour week, and the employers there said they would give them the same rate of pay for a 48-hour week; but they declined; and so they took $4 a week less on a 44-hour week, and that was the adjustment made there.

In New York there has been a reduction of about $4 a week since last spring, and the probabilities are that the current rate of wages would run about the same now for another year. There will be very little readjustment on that.

So that purely and simply on the question of the wage difference, when the United Typothetæ of America last spring advocated that the duty be raised to 50 per cent, that was based at that time on the 15 per cent schedule. It was found that the 15 per cent duty that had existed for a long time was not sufficient to protect the men from sending the plates abroad and having them printed and bound and sending their books here and taking the 15 per cent duty

and freight. They could not make them for the same price in the United States as they could do that, and many men made lots of money by combing abroad and getting the work done cheaper. I know that and Mr. Brassil knows that one man used to make $5,000 a summer going abroad and just working that kind of a comb. making the contracts over there, shipping the plates over there and sending the work back here, and it was profitable to him to the extent of $5,000 a summer to get the work done over there and ship the books back into the United States. It was nice business for him.

Senator McLEAN. Take an ordinary cloth-bound textbook, such as would be used in school. What percentage of the cost on that book would be labor cost?

Mr. OMMEN. The labor cost of the selling price of a book is about 38 to 41 cents on the dollar.

Senator McLEAN. You say "of a book." Of course, many of these books are luxurious.

Mr. OMMEN. I am not talking about that kind of books; I am talking about an ordinary cloth-bound book. On a book like that it would be 65 cents.

Senator McLEAN. The labor?

Mr. OMMEN. Yes; the labor. This would be 38 to 41 cents on the cloth-bound book, and the material would cost between 30 and 40 cents on the dollar. We simply want to reaffirm the position that we took before the Ways and Means Committee last spring, which was precisely the position we hold now, in order to protect this great industry in this country.

GREETING CARDS.

[Paragraph 1310.]

STATEMENT OF CHARLES J. WEST, ELIZABETH, N. J.

Mr. WEST. With your permission, gentlemen, I will speak for Mr. Betelle. My name is Charles J. West, Elizabeth, N. J.

I am in the card and publishing business. I speak for the greeting-card manufacturers, in reference to the clause pertaining to Christmas cards in paragraph 1310.

That [exhibiting samples to the committee] is a card in our estimation. It is called a "card" by our trade. So is that [exhibiting another sample]. These [exhibiting other samples] are also cards. Yet if the wording is not changed, these cards will be subject to a duty of 7 or 15 cents per pound. It would be 7 cents [indicating] while this [indicating] would be subject to a duty of 30 cents ad valorem.

This card [indicating], because it lacks a greeting, would also be subject to 7 to 15 cents a pound instead of 30 per cent ad valorem. Therefore, we would like to advocate that a change be made in the wording pertaining to greeting cards, and I have here a copy of the present construction of paragraph 1310 and on the other side the same paragraph with changes we suggest quoted.

Senator McCUMBER. That will be made a part of your testimony.

Mr. WEST. I think that is all that is necessary for me to say; I am quite sure it was not the intention of the framers of the bill

that that card, because it bears no greeting, should come in for 7 cents and this one [indicating] for 30 per cent ad valorem.

(The document referred to is as follows:)

PRESENT CONSTRUCTION.

PAR. 1310. Books of all kinds, bound or unbound, including blank books, slate books and pamphlets, drawings, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for, 20 per centum ad valorem; books bound wholly or in part in leather, the chief value of which is in the binding, not specially provided for, 33⅓ per centum ad valorem: books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight twenty-four ounces each, with more reading matter than letters, numerals, or descriptive words, 20 per centum ad valorem; booklets, printed lithographically or otherwise, not specially provided for, 7 cents per pound; booklets, wholly or in chief value of paper, decorated in whole or in part by hand or by spraying, whether or not printed, 15 cents per pound; all post cards (not including American views), plain, decorated, embossed, or printed except by lithographic process, 26 per centum ad valorem; views of any landscape, scene, building, place or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of an inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying thirty-five square inches or less of surface per view, bound or unbound, or in any other form, 15 cents per pound and 20 per centum ad valorem; thinner than eight one-thousandths of one inch, $2 per thousand; Christmas and other greeting cards, printed lithographically or otherwise, or decorated in whole or in part by hand or by spraying, 30 per centum ad valorem.

CHANGES SUGGESTED.

PAR. 1310. Books of all kinds, bound or unbound, including blank books, slate books and pamphlets, drawings, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for, 20 per centum ad valorem; books bound wholly or in part in leather, the chief value of which is in the binding, not specially provided for, 33⅓ per centum ad valorem; books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight twenty-four ounces each, with more reading matter than letters, numerals, or descriptive words, 20 per centum ad valorem; booklets, printed lithographically or otherwise, not specially provided for, 7 cents per pound; booklets, wholly or in chief value of paper, decorated in whole or in part by hand or by spraying, whether or not printed, "not specially provided for," 15 cents per pound; all post cards (not including American views), plain, decorated, embossed, or printed except by lithographic process, 26 per centum ad valorem; views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of an inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying thirty-five square inches or less of surface per view, bound or unbound, or in any other form, 15 cents per pound and 20 per centum ad valorem; thinner than eight one-thousandths of one inch, $2 per thousand; "greeting cards and all other social and gift cards, including those in the form of folders and booklets, wholly or partly manufactured, with or without text or greeting, 60 per centum ad valorem."

DRY STEREOTYPE MATRIX (FLONG).

[Paragraph 1313.]

STATEMENT OF BENJAMIN WOOD, PRESIDENT AND TREASURER, WOOD FLONG CORPORATION, NEW YORK, N. Y.

Mr. WOOD. Mr. Chairman, I will not take up much of your time. I wish to talk of a brand-new American industry that was created as a result of the war. It was previously owned and controlled absolutely by the Germans, whose product was shut off. It is a chemical invention of the Germans. It is a paper matrix used in

making the matrices for casting stereotype plates by the stereotype process, which is used in newspaper offices and in printing plants.

At the outbreak of the war the German dry mat was cut off. The company which I represent was finally successful, after expending a large sum of money, in discovering the German secret of manufacture. Ours is analogous to the dye industry in that respect. It is the development, for instance, for which the war is completely responsible.

The business has grown; a large sum of money has been invested in it. Our manufacturing business is in New York State, and we are now faced with competition that the industry in its extreme youth is not able to stand. The Germans have come back here, and finding only one competitor in the field they started to regain the whole market, and in order to do that they are underselling us very considerably. They are offering their product at about half our manufactured cost, and we would like to have protection. We feel that we need it. We know we need it, and we feel that we deserve it.

We have created an entirely new undustry in this country, one that is subject to great development and to profit to the Government and to the workingman. We have developed a complete new class of labor, one that was never known before.

Senator McCUMBER. Are you given sufficient protection in the House bill?

Mr. WOOD. No, sir; we are not. When the present act was written there was no such thing as this particular product. When the German article came in here looking like cardboard it was classified as cardboard.

It is probably the most difficult and intricate process of paper making that is known, whereas cardboard is the simplest. So we made representations to the Committee on Ways and Means, and were provided with a certain protection. But since then the situation has become very much more acute. The Germans are selling their product now at about half the price that they were selling it for last spring, and I am down here to ask you to give us what would be a substantial protection.

Senator McCUMBER. What are you asking for?

Mr. WOOD. We are asking for a specific duty of 26 cents a pound, specific rather than ad valorem for the reason that there is just one grade and one size, and it is used by newspapers.

Senator McCUMBER. What does the bill give you?

Mr. WOOD. The bill gives us 28 per cent ad valorem, based on the American valuation. The equivalent of what we are asking for now in ad valorem rate is practically 48 per cent.

Senator CALDER. Have you any of your product with you?

Mr. WOOD. Yes. I can show it to you, Senator. That [exhibiting samples to the committee] is a sheet used for every page in the newspaper. This is the material in the form as we manufacture it.

Senator CALDER. What do you call it?

Mr. WOOD. We call it "flong," Senator. The meaning of the word is the material from which the stereotype matrix is made. It must be flexible; it must withstand enormous heat. There is a metal plate cast from this.

Senator DILLINGHAM. You say this is the cast?

Mr. WOOD. There is a metal plate cast from that. The newspapers are printed on rotary presses, and there are two metal plates that clamp around the cylinder of the presses. This must be flexible, because when molded from the type it can not be, but the matrix is molded and rolled into the type, afterwards dried and put into the matrix box, and the molten metal is poured against it to take a cast.

BRIEF OF BENJAMIN WOOD, REPRESENTING THE WOOD FLONG CORPORATION, NEW YORK CITY.

The Wood Flong Corporation, New York, manufactures in its mill, Stillwater, N. Y., a paper product which is known as "flong" or "dry mat," and is used to make the mold, or matrix, in the making of stereotyping printing plates in newspaper plants.

The dry mat, which is a prepared sheet made of paper materials, was invented by German chemists and prior to the war this industry was solely controlled by the Germans, and American newspapers were dependent upon them for supply of the material. At the outbreak of the war the supply was cut off and this company, after expending many thousands of dollars and much time, succeeded in discovering the German secret of manufacture and at once came to the relief of American newspapers by equipping a mill to produce dry mats, or flongs.

The economies effected by the use of the American dry mat in newspaper plants are very great and were of utmost importance to the Government during the war. Its use made it possible for newspapers to reduce the consumption of print paper, thereby saving materials and transportation, and also on account of the process being cold it saved fuel, etc. As newspapers in the dissemination of patriotic propaganda were necessary to the Government in conducting the war, and as our dry mat was equally as necessary to the production of several hundred newspapers at that time, we were placed upon the industrial priority list by the Government and our manufacturing was not interrupted.

Following the armistice, the Germans immediately sought to regain this market, in which previously they had had no competition. They at once began to "dump" German-made dry mats on our market and, intent upon killing the American industry, have established selling prices with which we are utterly unable to compete. The selling price of our dry mat to newspapers is 20 cents per mat, or sheet, and with present costs of labor and materials it has been most difficult for us to maintain this price. The Germans have offered and are offering, in their efforts to destroy us, dry mats for as low as 8 cents each, with the result that unless proper protection is afforded us in the tariff measure now under consideration we will soon be forced out of business. The manufacture of dry mats in this country is an entirely new industry, which was created solely by the war, and we respectfully submit that it should be safeguarded with proper tariff protection.

We are informed by paper experts just returned from that country that workers in paper mills in Germany are paid the equivalent of 2 cents per hour in United States money. American workmen in our mill earn at the rate of 66 cents per hour, and we can not in fairness and decency expect men who are skilled and specially trained in this intricate process of paper making to work for less.

We do not object to legitimate competition. Such would directly benefit us in increasing the use of dry mats. However, the "dumping" of German-made goods on our market in an effort to destroy a competitive American industry, and utterly regardless of profit until so destroyed, does not constitute legitimate competition.

In the present tariff law there is no proper classification under which to enter dry mats, since the product was unknown when that bill was written. The German and English dry mats, or flongs, are, therefore, classified as "cardboard," notwithstanding their manufacture constitutes the most intricate and difficult process of paper making that is known to the trade, whereas the making of cardboard is the reverse thereof. It therefore becomes necessary and wise to create a separate classification for this product to properly protect the Government and American manufacturer.

An investigation recently made in Germany shows that the export value of dry mats, or flongs, is placed at the equivalent of 25 cents United States money per square meter under the German law. A square meter of this material provides three flongs of newspaper page size, so that, under the classification of cardboard, duty at the rate of 25 per cent of 8⅓ cents United States money is assessed on each dry mat, or flong, of proper size for this market.

The German law provides that the export value can not be less than double the home market value, but for some reason, known only to the Germans, the export value of the dry mat, or flong, has been established at a price which is actually four times

the home market value in Germany. Thus the German manufacturer may at any time cut in half the present export value without transgressing the law and get off with a duty of 25 per cent of 12½ cents per square meter, or a fraction over 1 cent per sheet of newspaper size. They can, if permitted, escape the payment to our Government of a proper duty and establish a selling price with which we can not possibly compete.

In response to facts set before the Committee on Ways and Means the proposed tariff bill (H. R. 7456) passed by the House of Representatives includes the following provision in paragraph 1313 under Schedule 13:

"Stereotype matrix, mat, or board, 28 per cent ad valorem."

We respectfully submit that this rate of duty is not sufficient to protect us, and unless increased this new American industry will be destroyed, many workmen will become idle, and once again the Germans will have this market solely at their mercy. We ask also that a specific duty instead of ad valorem be provided for this product in order to simplify the administering of the law by the Treasury Department. As there is but one grade and quality of dry mats, or flongs, that is suitable to the needs of newspapers, we submit that the tariff should properly be a specific rate.

We earnestly request, therefore, that in order to safeguard and foster this new home industry the tariff on this and similar products be increased and the phraseology of the governing clause be changed in order to more fully protect the Government.

We ask that in paragraph 1313, schedule 13, the words "Stereotype matrix, mat, or board, 28 per cent ad valorem" be eliminated and in place thereof the following be substituted:

"Flongs, known by the printing trade as 'dry mats,' or prepared sheets of molding material to be used for the purpose of making printing plates, 26 cents per pound."

This phraseology is technically correct and will protect the Government from evasion of the law, whereas the wording in paragraph 1313 of H. R. 7456 is not correct and will make evasions not only possible but likely.

A specific duty of 26 cents per pound is absolutely necessary to enable the American industry to survive. If, however, your honorable body prefers to apply an ad valorem rate of duty under the American valuation plan on this product, we petition you for 48 per cent ad valorem, which is the equivalent of 26 cents per pound.

Supplemental Brief.

It is of utmost importance to the American newspaper industry that the dry stereotype mat, made by Wood Flong Corporation, be not destroyed by the products of cheap German labor, with which it is now unfairly forced to compete, by reason of insufficient tariff protection.

No daily newspaper can afford to be dependent on any imported materials or supplies needed in its manufacture. To be sure of getting out its editions without miss and on time the newspaper must have its source of supply for ink, print paper, blankets, stereotype mats, etc., close at hand.

The experience of about 20 small city newspapers at the outbreak of the war drives this point home. These papers were using German dry stereotype mats or flongs, the Germans at that time being the only manufacturers of this product and controlling the secret of manufacture. This supply of dry mats was quickly cut off by the allied blockade of German ports, and these newspapers, with their equipment for using the old wet-mat process dismantled and discarded, were suddenly placed in a serious predicament and their editions jeopardized. The Wood Flong Corporation, very fortunately for them and almost simultaneously with the outbreak of hostilities and after years of effort and at great cost, had perfected an American-made dry mat and instantly came to the rescue of these publishers.

During the war and subsequent thereto the Wood dry mat faithfully served several hundred small city newspapers (the large papers not using its process), and that its excellent service and moderate prices throughout have been appreciated by far-sighted publishers is attested by their answers to an inquiry made by us when the "dumping" of German-made dry mats began, following the armistice.

In reply to our circular letter "Shall an infant and important American industry be destroyed by the Germans? What is your answer?" we attach answers received from newspaper publishers throughout the country.

During the recent era of high prices the publishers of small city newspapers in order to insure their supply of print paper at reasonable cost organized the Publishers' Buying Corporation, of which Mr. William J. Pape, publisher Waterbury (Conn.) Republican, is president. At the tariff hearings of the Committee on Finance on schedule 13, Mr. Pape appeared to protest against placing a prohibitive duty on newsprint. That Mr. Pape recognizes the importance of the American dry mat to

publishers and the fair treatment and moderate-price policy of our company during the period that our selling price might have been doubled without decreasing sales is proved by the following from his letter to us:

WATERBURY REPUBLICAN,
Waterbury, Conn., December 10, 1921.

DEAR MR. WOOD: * * * I have never complained about dry mats. I found that when we started to use them in September, 1917, the former discrepancy in price between wet mats and finished dry mats had disappeared, because, while tissues and matrix paper had jumped very much in price, your price on dry mats had apparently remained the same. From 1917 to the peak of the price you raised the price of dry mats from about 14 to about 20 cents, an increase of approximately 40 per cent. I do not know of any material or service used in the making of a newspaper which advanced in price less than this, with the possible exception of printing ink.

I find that the latest bill we have from you, dated November 2, is at 18 cents a mat, which represents an increase of less than 30 per cent over the price of the summer of 1917. I regard this as reasonable in view of the moderate increase that you made during the war and post-armistice period, which was undoubtedly necessary.

I would hesitate to make a contract for a monthly supply of German mats to be shipped to the Republican during 1922 and 1923 no matter how low the price, because I would not bet that German industries would be able to function that long. Nevertheless, I can see why many users might be tempted against their ultimate interests to take advantage of temporary bargains.

W. J. PAPE, *Publisher.*

We respectfully submit that Mr. Pape's statement shows that we never have profiteered; that our peak price was moderate, to say the least, when it is considered that we have had to develop a virgin American industry requiring specially trained labor and the use of costly materials, and that our present selling price is reasonable and even low in the face of increased costs of manufacture.

We now ask your consideration of this incontrovertible fact: Every newspaper that uses our dry stereotype mats, or flongs, makes a substantial money profit by using the process over and above the total annual cost to it of mats. In other words, it costs the newspaper absolutely nothing to use our product, but, on the contrary, it is paid a cash bonus for using it.

To explain: In the old stereotype process the matrix, or mold, is, preparatory to casting the plate from it, dried under pressure and at great heat while impressed in the type form. Thus the shrinkage of the paper can be no greater than that of the type, which is approximately one-sixteenth inch across the newspaper page. In the dry-mat or flong process the matrix or mold is stripped from the type form when the impression has been taken and then dried independently of it. The paper mold, not being held by the type, shrinks to its limit, which is nearly, if not quite, one-half inch across the standard eight-column newspaper page. Therefore, the printed matter in width is seven-sixteenths of an inch narrower when the dry mat is used than with the wet mat, and the result is to widen the white paper side margins. This excess and altogether wasteful margin is saved by narrowing the width of the print-paper rolls, thus effecting a saving of from 2 per cent to 3 per cent in newsprint, which can not be made except by using the dry-mat process.

For example, a newspaper that consumes 10,000 tons of newsprint yearly at, say, a cost of $3 per hundred pounds, will by using the dry mat save on an average of 2½ per cent of $600,000, or $15,000, per annum. Such a paper would require to spend about $4,500 for its yearly need of dry mats, which is no more than would be the cost of making its own mats by using the old process. Therefore, this newspaper makes a clean profit of $15,000 per annum by the dry mat, a saving that can be made in no other way, and in proportion to their circulations and consumption of print paper this saving may be made by all daily newspapers and is being made by those that use our process.

We submit that opposition from any publisher or association of publishers to the protection we have asked for and urgently need is shortsighted and inimical to the interests of the publishers themselves. As Mr. Pape points out, there are bound to be bargain hunters who, in their greed for saving pennies, work directly against their ultimate best interests. The worst thing that could happen to the several hundred small city newspapers in the United States that are now our customers will be to force us out of business and thereby place themselves at the mercy of the Germans. It is inconceivable that the selling price of the German product, which, with the sole object of destroying the only competing American industry, has been placed at less than half our cost of manufacture, will remain where it is or, indeed, not mount higher than our stereotype mat has ever sold for.

Should there be doubt in the minds of any of your members of the fairness and justice of the protection we ask, we request that an investigation be made by the Treasury Department. We are confident that such an investigation will prove that this new American industry is imperiled by the utterly unscrupulous and murderous methods of the Germans; that their competition is not legitimate: and that we are entitled to the tariff we ask and must have to continue in business.

Our business does not constitute a monopoly. No newspaper has to use our product, and, as stated, large newspapers do not use it. It is true we are now the only American makers of dry stereotype mats, but that is because we spent many years and much money in experimenting to discover the chemical secret of manufacture, possessed heretofore only by the Germans.

This industry if guarded in its infancy by tariff protection is bound to grow and others will come into it. We shall welcome that time, because it will increase the use of dry mats, give employment to a new class of skilled labor, and provide legitimate and healthful competition.

We earnestly pray that your honorable body will not permit this germ of American perseverance and industrial enterprise to be destroyed by the Germans, who are the only other manufacturers of a successful dry sterotype mat, but will foster it with the protection it merits, just as you will guard the American dye industry, to which it is analogous.

SHALL AN INFANT AND IMPORTANT AMERICAN INDUSTRY BE DESTROYED BY THE GERMANS? WHAT IS YOUR ANSWER?

You need not worry about myself nor the Chronicle. We have always stood by you. We use practically everything you make, and I do not think you need to bother about us. As long as you are selling your dry mats at a reasonable profit I don't think you need fear German competition, for certainly no American publisher will quit you merely because he can save 1 or 2 cents.—Houston (Tex.) Chronicle.

Replying to your circular regarding "dumping" by the Germans, it would take a large differential in price to bring us to consider the use of the foreign product. We are satisfied with the Wood Flong and with the price policy of the company.—Waterbury (Conn.) Republican.

We are sympathetic with the competition you are compelled to meet from Germany, and the Capital has not purchased any German mats.—Des Moines (Iowa) Capital.

The wirter of this letter is a rank protective tariff man. He believes always in a tariff which will put American labor and material under American conditions on a basis where fair competition can be had with the labor and products of other countries. He believes that Congress should pass a law which would amply protect this country against being made the dumping ground of products of cheap foreign labor. Personally he would be willing to pay more for goods produced in America than for those sent in from across the sea, but this idea of a perfect protective tariff is one which would place us fairly in competition with any and every other couutry. He would be very slow to buy anything "made in Germany," no matter at what price. He has little or no use for the Heinies.—Cortland (N. Y.) Standard.

We have no intention of deserting our good friends Wood Flong. First, because your product measures up to our standard, and second, because you have been friendly disposed toward us during the days of stress of the past year.—Bridgeport (Conn.) Star.

In reply to Mr. Wood's letter relative to German mats. The Vindicator has already been approached in regard to this and has refused to consider their proposition. It is our intention to stick by our friends.—Youngstown (Ohio) Vindicator.

It is not my custom to change firms with whom I deal simply to save a few cents, as I do not believe that cheaper products are economical in the final analysis.—Warren (Ohio) Tribune.

In reply to your circular letter regarding German mats will say we will stick as long as you try to give us a square deal. We appreciate your situation and want to assure you of our support.—Centralia (Ill.) Sentinel.

We could buy German paper cheaper than American paper, but we have been buying American print paper at the higher price and expect to continue to do so, the same as we expect to continue to buy your mats so long as your prices are fair and reasonable.—Sterling (Ill.) Gazette.

We have your letter regarding the dumping of German dry mats on this country, and in reply will state I am in entire sympathy with your position in the matter. The Wood dry mat is far superior.—Dayton (Ohio) Morning Journal.

The Florida Metropolis is satisfied with the Wood dry mat in every particular and does not intend to purchase German or other foreign-made dry mats. We believe

it is the patriotic duty of every American to encourage home industries, and you may count on us.—Jacksonville (Fla.) Florida Metropolis.

Replying to yours without date in reference to the dry-mat industry, we beg to assure you that we stand by our friends and expect to continue using Wood dry mats.—Dunkirk (N.Y.) Observer.

You are quite right.—Baltimore (Md.) International Syndicate.

Will stick and trust your concern to lower prices as soon as consistent.—Waukegan (Ill.) Sun.

We have read with interest your circular letter and wish to say that we have no intention of discontinuing business with your concern as long as quality of product is maintained.—Wynkoop, Hallenbeck & Crawford, New York.

Shall an infant and important American industry be destroyed by the Germans? What is your answer? No; we will stay with you.—Cambridge (Ohio) Jeffersonian.

We do not believe we would consider making any change. We are getting along very nicely and have recommended your mats and service very highly to the publishers of the Rockford Star.—Beloit (Wis.) News.

As far as the Advocate is concerned, there is no danger of our changing from the Wood mat to an imported product if the decision rests on cost alone. We do not use a sufficient number of mats to make cost the primary object, but are much more interested in quality. We believe that this should be much the more important consideration.—Stamford (Conn.) Advocate.

We do not think you have anything to fear from foreign mats. We tried out a sample and found them very unsatisfactory. From what we understand, they are having serious trouble with them in all the places in this vicinity that have tried them.—Springfield (Ill.) State Register.

We are satisfied with your mats and prices. However, we do expect lower prices on mats in the future. Make good mats and sell them at the right prices and you need not fear anybody's goods. Cut out the patriotic appeal. It isn't worth a damn.—Albany (N. Y.) Sunday Telegram.

The Journal is with you at all times against German-made mats regardless of price.—Hamilton (Ohio) Journal.

We have no intention of changing the source of our supply for dry mats. We do not believe that any publisher would purchase German-made dry mats if the difference in price amounted to only the difference in wages that was required to be paid in Germany and the United States.—Niagara Falls (N. Y.) Gazette.

The mats we are getting from you work very satisfactorily, and as long as they do we will not be interested in any other mats. We certainly hope that the competition will not be so keen that you will be unable to compete with and continue the manufacture of the dry mats, be it Germany or any other foreign country.—Olean (N. Y.) Times.

We, of course, will always favor the homemade product, as we stand for American-made products first. So far as the German mat is concerned, we think you have nothing to fear from its competition, as it is an inferior article compared with the Wood.—Aurora (Ill.) Beacon News.

We appreciate what you are doing in perfecting an American-made dry mat. If it should develop that there is an effort to crush your business by "dumping," you will have our sympathy and support.—Wichita Falls (Tex.) Times.

Replying to your circular letter, we desire to assure you that our cordial sympathy is with you in the position as stated in that letter, and, furthermore, we desire to assure you that we have every intention of giving you our support as long as we are made to feel that we in turn are receiving a square deal.—Paterson (N. J.) Press Guardian.

You have my standing order for dry mats, and I have no present intention of making any change. Am not buying any German mats and not in favor of "trading with the enemy."—Asbury Park (N. J.) Press.

We have no intention of discontinuing the use of your dry mats and do not know why you should jump to the conclusion that your customers generally have such intention. You should know that you have our good will, and we desire to see your business continuing to be a successful career. We were one of the first, if not the very first, users of your dry mats in the South. We have advocated their use at publishers' meetings and elsewhere, and we are sure that we have been the means of securing many new customers.—Columbia (S. C.) State.

You need have no fear of our using the German product. The fact that it is German made is enough to condemn it in our sight. Count us as one of your steady customers.—Ottawa (Ill.) Republican Times.

Would state that our policy is to remain with the company that took care of us during the trying situation that the war created, and until convinced that an unreasonable price is being charged us we shall not consider any proposals made to us.—Oneonta (N. Y.) Star.

We do not see that we should be called on to help promote your business for you, and we see no reason why we should not take advantage of the lower-price matrices if we continue to use the process—Raleigh (N. C.) Times.

As a matter of fact, newspapers have been benefited very materially from the importation of foreign news print, which has been practically responsible for the break in the high spot-market price, and if same had not materialized many newspapers would have been put out of business. This situation, of course, does not apply to the Wood dry mat, which we believe most publishers will recognize.—Macon (Ga.) News.

We want to indulge our patriotism as far as possible, but we could do so more cheerfully if the cost of the American-made dry mat would show some indications of declining along with other commodities.—Omaha (Nebr.) World Herald.

The News has no intention of making a change in this matter, and we certainly will recommend your production, as we have several times in the past, and our guess is that the German production will not gain a foothold. We are having good success with our mats and can see no reason for a change. What we want is results, and we seem to be getting them.—Salem (Mass.) News.

You may rest assured that foreign competition on a price-cutting basis will not disturb the relations that have been established between us. We appreciate your position in the matter as well as the element of reliable service upon which you very properly lay stress. As long as the Wood mat is marketed at a reasonable margin of profit and can stand comparison on the basis of quality and results we believe you should hold the trade.—North Adams (Mass.) Transcript.

WALL POCKETS.

[Paragraph 1313.]

STATEMENT OF CHARLES A. HAMILTON, REPRESENTING BUFFALO ART MANUFACTURING CO. (INC.), WASHINGTON, D. C.

Mr. HAMILTON. Mr. Chairman and gentlemen of the committee. I have come here just to make a brief statement in behalf of the manufacturers of wall pockets. Wall pockets were not made in the United States until after 1914. They are used largely for decorative purposes in the houses of people who can not indulge in very elaborate art. They are in various sizes.

Up until now, we were making about 30 different designs, but because of the enormous increase in the importations from Germany in the last six months we have cut our number down to 7. Until 1914 we imported from Germany. In that year the Buffalo company which I represent began to manufacture them, with a small investment of about $10,000 at first, and they gradually increased that until they have about $100,000 invested.

At the same time another concern in New York City, the United States Wall Pocket Manufacturing Co., began to manufacture wall pockets. But owing to the enormous increase in the imports since the signing of the armistice the New York concern has gone out of business as manufacturers completely, and we are the only manufacturers in the United States to-day.

The fact that we manufacture other lines of art goods and our customers are in the market for wall pockets accounts for our continuance in the production of wall pockets even under present ruinous conditions. Were it not for the necessity of holding our trade in these other lines we should be compelled to abandon the manufacture of these articles and to scrap our plant, as competition with German manufacturers, whose employees receive wages less than one-quarter of those paid by our company, makes competition out of the question.

We ask, therefore, that you give us the protection of a specific duty of 15 cents a pound, instead of 26 per cent ad valorem proposed by

the Ways and Means Committee bill, and for the reason that we find that without a duty equal to 15 cents a pound it will be absolutely impossible to continue this little industry.

I do not want to occupy a lot of your time. I know you have not time to listen to a very long speech, but I have here prepared a brief statement concerning the industry as it exists to-day, and I would like to call particular attention to this one fact: We began the manufacture of wall pockets originally with 10 or 15 employees. We now have about 100, mostly girls, who are experts at this sort of work; and the wages paid are from $16 to $40 per week.

It is unnecessary for me to tell you what wages are for a similar character of work abroad, because the gentlemen who have preceded me have gone into details very fully on that subject, and the work which they have described is similar to ours. We are to-day making only about 250,000 for the year, as against 1,000,000 last year, and, incidentally, because of the price of paper, which is manufactured from the by-product of tobacco factories, made from tobacco stems, and which was of very little value aside from its use in such paper—but the price of that has fallen quite considerably, and we have reduced our price to the jobber from $99 down to $75 this year for the largest wall pockets.

With that short statement, with the permission of the committee, I will file this brief which I have prepared.

Senator McLEAN. Does your brief contain the cost of raw materials?

Mr. HAMILTON. It gives you our cost of production. I have not gone into the details as to cost per pound, but we have given you the total cost to manufacture—so much per thousand.

Senator McLEAN. In a word, about what does your raw material cost you per pound?

Mr. HAMILTON. I can not tell you that, but if you will permit me I will ascertain and add that to the brief and give it to the stenographer.

(In answer to the question of Senator McLean, Mr. Hamilton furnished the following information:)

The present cost of paper averages 5½ cents per pound.

Aniline colors average $2.75 per pound, except blue, which costs at the present time $7.75 per pound.

The average cost of the pockets at the factory per thousand is: Small size, $41; medium, $53; large, $68.

Of these costs labor represents $28 for the small sizes, $33 for medium, and $39 for the large sizes.

Prices to the trade for the season of 1923 are, respectively, $44, $58, and $75.

BRIEF OF CHARLES A. HAMILTON, REPRESENTING BUFFALO ART MANUFACTURING CO., WASHINGTON, D. C.

We ask that you so amend paragraph 1313 of the bill H. R. 7456 as to place a specific duty of 15 cents a pound upon wall pockets as described in the paragraph above mentioned instead of the proposed ad valorem duty of 26 per cent.

The reason for asking this change in the tariff is that the present condition of this industry is threatened with absolute annihilation through the competition of the products of German manufacturers.

Previous to 1914 no wall pockets were made in the United States. There were hundreds of thousands of them imported each year, which were sold through the representatives of the German manufacturers and American jobbing houses. The Buffalo Art Manufacturing Co. (Inc.) was one of the American concerns importing wall pockets for the purpose of supplying the trade which came to that company in the distribution of its own products. The stoppage of the importation of German

supplies at the outbreak of the war made it necessary, in order to supply the trade, to produce wall pockets in the United States, and with that object in view the Buffalo Art Manufacturing Co. established a small plant for the production of these goods. The principal owner of that plant Mr. F. J. Offermann, at first invested about $10,000, but as the demand grew his investment increased, until to-day he and his associates have invested nearly $100,000 in this particular branch of their work. The number of employees grew from 15 or 20 to more than 100, and the earnings of these employees is from $16 to $40 a week. About the same time the United States Wall Pocket Manufacturing Co. was established in New York City and together these two concerns produced wall pockets to the value of approximately $500,000 annually, employing a total of about 175 people.

But the signing of the armistice and the rehabilitation of German industries soon brought about a return of imports from Germany, and since the Ways and Means Committee prepared the pending tariff bill the importations from Germany have grown to such an extent that the New York company has quit business entirely and our company has been compelled to cut its production down so that instead of some 30 different designs heretofore manufactured we are producing only 7, and we shall be compelled to close down entirely unless we are given adequate protection.

The prices at which these seven designs are sold to the trade range from $40 to $75 per thousand, which represents the cost of manufacture and an average profit of only 10 per cent above the cost of labor and material. Even this small percentage over cost is not net, as wall pockets are sold on long credits. Goods sold in the spring are not paid for until the end of the year, and it is necessary to borrow funds from the banks to pay for labor and material. The interest paid on such loans reduces profits to not more than 6 per cent. Were it not for the fact that our company has developed the manufacture of other lines, such as calendars, no further attempt would be made to compete with the German manufacturers, but this branch of our business would be discontinued entirely, and it must be discontinued unless Congress will afford us protection. If compelled to take this course, the plant will have to be scrapped completely, as the equipment can not be used for any other purpose, nor can it be sold for 20 per cent of its cost. German wall pockets are offered in the United States market to-day at prices ranging from 2,000 to 4,000 marks. During the last two months the exchange fluctuations of the German mark, as shown in an article in Commerce Reports, issued by the Department of Commerce, December 19, 1921, headed "No fundamental economic improvement shown by recovery of German mark," ranged from 0.0035 cent on the 18th of November, up to 0.0054 cent on the 1st of December. The same bulletin calls attention to the fact that—

"The constantly growing adverse trade balance and the fear of protective measures abroad has led the German Government to attempt a new control of export prices in an endeavor to approximate the world level. It will be increasingly necessary to sell a large proportion of the industrial output abroad. An attempt is being made by the foreign trade office, although without entire success, to compel the payments for German exports to be made in foreign currencies."

But it needs no effort on the part of the German Government to control the American market for wall pockets, for that control exists to a very large extent. The entire country is to-day flooded with the German imports. The orders booked by the Buffalo Art Manufacturing Co. for the current season have fallen off more than 70 per cent, owing to the fact that the German manufacturer is able to place his wares in the hands of the American jobbers at a price far below the cost of production in this country.

The argument that the value of the German mark may increase to such an extent as to wipe out this difference in cost has little to commend it, for the fact remains that the present cost of production in Germany is far below the cost in the United States, and, even with the restoration of the antewar value of the mark, Germany, owing to the great difference in the wages, can and will continue to produce wall pockets at a figure which we can not meet in the United States. Nor can the American buyer depend upon any advantage as a result of the lower cost of German manufacture. Past history demonstrates clearly that, with the elimination of American competition, the Germans will promptly increase the selling price in this country to the highest figure that the market will stand. The gas-mantle industry is a case in point. Some years ago a firm in Ohio developed the placer mining of monozite sand in North Carolina. Monozite sand is the raw material from which nitrate of thorium is produced. Nitrate of thorium is essential in the making of gas mantles. The Germans cut the price of thorium to such a figure in this country that the industry was throttled and monozite sand is no longer produced successfully.

Wall pockets are made principally from a coarse paper which is a by-product of the tobacco manufactories. Its base is the tobacco stems which are thrown out in the manufacture of smoking material. There has been a fall in the price of this commodity

and a corresponding reduction has been made in the wholesale price of the American product. But there has been no corresponding fall in the price of aniline dyes, which are an essential material in the manufacture of these goods. The superintendent of the Buffalo Art Works writes under date of December 5, as follows:

"According to information we received regarding the importation of wall pockets from Germany, these have increased almost 50 per cent over the previous six months.

"Its effect on our business can be readily explained by the fact that the New York concern, called the United States Wall Pocket Manufacturing Co., has discontinued entirely the manufacture of wall pockets, as it is utterly impossible to compete with the German products.

"We are inclosing you a copy of our new price list, and you will note that our new line consists of but seven designs, whereas we usually carried about 30 designs.

"Were it not for the fact that we are relying on a fair duty being placed on wall pockets, we should be compelled to discontinue also, as we are unable to even begin to compete with the German wall pockets under present conditions.

"Raw material has not fallen to any great extent, with the exception of paper. This is reflected in our prices, as we are now selling the large size at $75 per 1,000, which were selling at $99. Aniline colors cost us the same. As skilled labor is required, we have been unable to reduce our costs in this direction."

We believe that we have shown you in the above the reasons why it is absolutely necessary that a tariff be placed upon wall pockets high enough to insure the maintenance of the industry in this country. It is true that wall pockets are not a prime necessity in the life of the American people. It is also true that they do not compete with the art galleries or exhibitions of pictures, but they do add brightness to the homes of the poorer of our population; and, in view of the fact that the industry helps to lessen the unemployment of American working people, we urge that you help us to maintain these people in their places by affording us the means to continue to pay them wages, which we can not do unless we are given protection sufficient to maintain the existence of this industry.

As a further argument for the desirability of placing a specific duty upon wall pockets attention is directed to the fact that in the act of 1909 views of any landscape, scene, building, place, or locality in the United States on cardboard or paper were made dutiable at a specific duty of 15 cents a pound and 25 per cent ad valorem, while thinner cards containing such scenes were made dutiable at the rate of $2 per thousand. In the act of 1913 cards containing American scenes (par. 329, p. 116 of the comparison) were made dutiable at the rate of $2 per thousand. Here the committee has a precedent upon which to base the action which we ask. Should it be deemed desirable to refrain from including wall pockets in paragraph 1313, we ask that these articles be placed in paragraph 1310 by inserting the words "wall pockets" after the word "booklets" made of paper, cardboard, etc., in the fourteenth line of paragraph 1310, page 116 of the comparison, so as to make wall pockets dutiable at the rate of 15 cents a pound, as it is proposed to make booklets of similar character.

PAPER TUBES.

[Paragraph 1313.]

STATEMENT OF FREDERICK L. CHASE, REPRESENTING F. A. CHASE & CO., PROVIDENCE, R. I.; AND THE AMERICAN PAPER TUBE CO., OF WOONSOCKET, R. I.

Mr. CHASE. The subject we are interested in, sir, is a duty on paper tubes used in the textile arts for spinning, and I brought down a few samples to show what they look like and incidentally to show how they are used, and, if I may, I will state briefly our position in the matter [exhibiting samples to committee].

We respectfully petition your honorable body for the enactment in the new tariff law of a clause in Schedule M—Papers, granting due and equitable protection to our products, and petitioning for the insertion in a proper paragraph of the words: "Paper tubes, tapered or parallel, 5 cents per pound and 35 per cent ad valorem."

Senator SMOOT. What paragraph is that in?

Mr. CHASE. It is now in paragraph 1313, basket clause. Of course, our point is to take it out of the basket clause, and that is specifically mentioned under the title "paper tubes."

In the Fordney tariff recently passed by the House of Representatives paper tubes are not specifically mentioned and are placed in the basket clause with unlisted "manufactures of paper, 26 per cent ad valorem."

Inasmuch as the duty on paper from which these tubes are made carries the same duty as the finished tubes—26 per cent ad valorem—American tube makers are afforded no margin of protection for the labor and manufacture of their product. To correct this inequity, we therefore earnestly urge that in the new tariff law paper tubes be specifically mentioned and listed and given a duty of 5 cents per pound and 35 per cent ad valorem.

The manufacture of paper tubes for textile purposes in the United States represents a business of considerable magnitude and investment, requires highly developed plants and equipment and much skilled and highly trained labor. The business is conducted by a number of independent plants in various States.

It may be of interest to your honorable body to know that during the war a great majority of the silk, woolen, cotton, and worsted spinners were entirely dependent on the output of the paper-tube makers of the United States to run their plants, and in our opinion the protection of the paper-tube industry of the United States is of vital importance to the very large textile interests.

The manufacture of paper-tube products in foreign countries, principally in Germany, Belgium, France, and Italy, is highly developed and of very considerable proportions, and specially well organized for export trade, which is normally of very large volume. Being conversant with tube-manufacturing conditions in these countries and in touch with their present day costs, we know them to possess very marked advantages in costs of production over the makers of similar products in the United States, both as to materials, labor, and overhead, but principally in the matter of labor, which is our largest item of cost.

Foreign labor costs approximate one-quarter the cost of similar labor in the United States and enables our European competitors to make prices for export to the United States which makers in this country will find it impossible to meet and maintain American standards of wages. A careful survey of conditions abroad in our industry shows clearly both an ability and a purpose at the present time to undersell American makers of paper tubes in our home market. In addition, the abnormal situation in foreign exchange gives the tube makers abroad an added advantage in underselling American makers.

In view of the known conditions abroad and to afford adequate and fair protection to American manufacturers of paper tubes whom we feel are entitled to proper protection on their products, we respectfully ask the consideration of your honorable body and the granting of our petition for the enactment of the clause above, "paper tubes, tapered or parallel, 5 cents per pound and 35 per cent ad valorem."

Senator SMOOT. Tell us how many men are employed in the industry in the United States.

Mr. CHASE. I think there might be employed, perhaps, 500 or 600. It is not large in that respect, but, on the other hand, it is of vital interest to the spinners.

SCHEDULE 14.

SUNDRIES.

ASBESTOS MANUFACTURES.

[Paragraph 1401.]

STATEMENT OF HARRY PAUL BARNES, REPRESENTING AMERICAN MANUFACTURERS OF ASBESTOS MATERIALS.

Mr. BARNES. I represent the manufacturers of the United States, consisting of Keasby & Mattison Co., with factories in Ambler, Pa.; Johns-Mannville (Inc.), with factories in New York, New Hampshire, New Jersey, Wisconsin, and Illinois; the American Asbestos Co., with factories in Pennsylvania; the Asbestos Fiber Spinning Co., with factories in Pennsylvania; the Asbestos Textile Co., with factories in New York and Massachusetts; the Franklin Manufacturing Co., with factories in Pennsylvania; the General Asbestos & Rubber Co., with factory in South Carolina; the Norristown Magnesia & Asbestos Co., with factories in Pennsylvania; the Sall Mountain Co., with factories in Pennsylvania and Illinois; the United States Asbestos Co., with factory in Pennsylvania; the H. F. Watson Co., with factories in Pennsylvania; the Conneross Yarn Mills, with factories in South Carolina; and the Asbestos Shingle Slate & Sheathing Co., with factories in Pennsylvania.

The asbestos manufacturers of the United States are in favor of the form in which asbestos is treated in the present bill, under paragraph 1401, but believe that the rates suggested in this paragraph, and passed by the House of Representatives, are much too low.

The grouping as approved by the House of Representatives is justified because of the wide range of materials manufactured from asbestos or in which asbestos forms an important component part. Further, the quality of asbestos itself entering into these materials is of such wide difference that these various classes of materials should be considered individually and not under a general heading "Manufactures of asbestos," as has been the case in tariffs heretofore. The value of asbestos entering into these products ranges from 1 cent per pound to $1.50 per pound, and the value of the finished materials ranges from 1½ cents per pound to $10 and upward per pound.

Senator LA FOLLETTE. What is the total value of manufactures of asbestos in this country?

Mr. BARNES. $100,000,000 a year.

The CHAIRMAN. How many men are employed in the industry?

Mr. BARNES. From 30,000 to 50,000 men.

The CHAIRMAN. It is a comparatively new industry?

Mr. BARNES. Comparatively, sir; having grown up during the last 20 years.

Senator LA FOLLETTE. Have you calculated the imports, and can you state them over a series of years, coming into this country?

Mr. BARNES. The imports in 1920 were $204,000; exports—I will treat that later on in my statement.

Senator LA FOLLETTE. Have you the imports for a series of years preceding 1920 to show whether it has been increasing or not?

Mr. BARNES. No; I have not those figures. The Tariff Commission has prepared them, I believe, and I have seen them. The export of asbestos from foreign countries was prohibited during the war, as it was an absolute war necessity, so that no country could export during that period.

The approved classification will simplify the collections of revenue and minimize the opportunity for undervaluation, whether it be intention or unintention.

Since asbestos products were first placed on the dutiable list, in 1883, the industry has grown from a capitalization of a few hundred thousand dollars and employing not over 100 men to the industry of to-day, with a capital and surplus of between fifty and seventy-five million dollars, and employing in normal times over 50,000 men, and a yearly business turnover of $100,000,000.

During this period, since 1883, many new uses of asbestos have been found and manufacturing processes have been greatly improved. In fact, so many uses now require asbestos that it is absolutely essential in times of both peace and war.

I would like to read into the record at this point a letter from the Secretary of the Navy to Congressman Watson, of Pennsylvania, relative to asbestos [reading]:

NAVY DEPARTMENT,
Washington, May 24, 1921.

MY DEAR MR. WATSON: In response to your request, I hasten to advise you that the United States Navy uses large quantities of asbestos in the form of such finished products as pipe covering, millboard, and magnesia blocks.

It is impossible on this short notice to give even an approximation of the amount of asbestos which would be contained in a year's supply of these finished products; but, as this material is constantly used in the installation and repairs to boilers and pipe lines ashore and afloat, this commodity is of great importance and interest to the Navy.

Sincerely, yours,

EDWIN DENBY, *Secretary of the Navy.*

Hon. HENRY W. WATSON,
Ways and Means Committee, House of Representatives.

Asbestos is used as an electrical insulator, a fire resistant and protection, for steam packing and other purposes, as a fuel conserver, as a building material, and in a hundred and one different ways asbestos products are required in the industrial world. They are also found in the humblest home in the form of stove mats, toasters, iron holders, and other domestic appliances.

One of the most important uses is in the form of asbestos shingles, which are rapidly replacing inflammable shingles, although this branch of the industry has developed within the last few years.

The CHAIRMAN. Is not the asbestos industry of comparatively recent growth?

Mr. BARNES. Yes, sir.

In stating that the manufacturers do not believe that the rates approved by the House of Representatives are high enough, we mean

that the rates as approved will not give the manufacturers of this country sufficient protection to equalize the difference in cost between American and European production. Witnesses from other lines of industry—manufacturers, employees of the Tariff Commission, and others—have appeared before this committee and the Ways and Means Committee of the House of Representatives and stated that the wage difference between American and European labor is, in many countries, a 1:3 ratio, while in countries where the exchange is very low the ratio is 1:12.

We find, upon investigating the cost of European production, that the wages paid are approximately as follows: In Germany, for unskilled labor, 150 marks, about $1.50, per week; in England, for unskilled labor, 25 shillings, about $6, per week; and in the United States, $20 per week.

For carders, spinners, and other skilled textile workers the German laborer receives 200 marks per week, or about $2, present exchange; the English skilled weaver receives 55 shillings per week, or $13, present exchange; and the American workingman of the same class receives from $30 to $40 per week. These figures for English textile workers were furnished by the deputy minister of labor, Ottawa, Canada.

The cost of production of asbestos materials may be divided into two parts, material and labor and overhead. About 55 per cent of the cost of production is material and 45 per cent is labor and overhead. Even in the cost of material the American manufacturer is handicapped by the European competitors.

Senator DILLINGHAM. You are speaking now of the manufacturers?

Mr. BARNES. Yes; manufacturers of all grades of asbestos. Heretofore the witnesses have only spoken about shingles. This is chiefly the textiles.

Senator SMOOT. Are you satisfied with the rates here?

Mr. BARNES. No, sir; we are asking for higher rates.

American workmen will not work with certain grades of asbestos fiber, the use of which the European workman thinks nothing of; that is, certain grades of fiber contain a great deal of dust, which tends to tuberculosis, and the American workmen will not use it, while the Europeans will. These grades are very much cheaper than the class of fibers used by the American manufacturers, but as they are full of dirt, sand, and dust, their use is very detrimental to the health of the workman coming in contact with same.

Further, the American manufacturer has always planned his productions on a large output basis, and this is absolutely necessary in view of the high cost of labor. In Europe, where labor is cheap, these low-grade fibers, which work more slowly than the high-grade Canadian, can be used to profit. This is not the case in America. To use these cheap fibers the labor cost would be so increased that the advantage in the price of the raw material would be lost.

The American asbestos manufacturers during the war were practically compelled by the Government to increase their output, requiring the erection of new buildings and installation of new equipment. This increase in output was required to furnish the war industries with their essential requirements of asbestos. The manufacturers willingly did as requested. Many of them, in fact most, increased the size of their plants and their production. Any excess profits which they

made during that period have been collected as taxes. Now the American manufacturer finds himself with a plant which, perhaps, is too large for normal conditions—no ready cash—a stock of manufactured goods on hand, and European products being imported at a price below the cost of the American production.

Very much the same condition is true of the European manufacturers with regards to overproduction, only they have the advantage of being able to dispose of their materials in foreign markets. France, England, Italy, and Germany can all supply their own requirements for asbestos materials. Besides furnishing this quantity of material they could furnish sufficient for the requirements in this country, and under the tariff now in effect are endeavoring to dispose of this excess of material at what will be an enormous profit for them, due to their difference in costs and the advantage in exchange.

Imports of asbestos have not been very large, due to the fact that this business is not prosperous at the present time and the requirements are not heavy. Any orders, however, or inquiries which appear upon the market are immediately seized by importers at prices far below the American manufacturer's cost, and thus the American manufacturer is compelled, if he desires any business—and in most cases some business must be secured in order to have ready cash to meet our taxes—to sell his material at a loss.

That Europe intends to secure this American and other export business may be judged from an article appearing in the Gummi-Zeitung, a German magazine relating to the rubber and asbestos industry. We quote from this magazine as follows—I will not read it but would like it to go into the record:

(The article referred to is as follows:)

In any case it is a pleasing fact to know that already toward the end of 1919 the German asbestos industries had at their disposal sufficient raw material to enable them to offer their goods in the former good quality and variety. Since then the German asbestos industry has aimed with all its strength and power at regaining its former position as chief supplier of foreign countries. Leading firms report that in spite of terrible difficulties they have already succeeded in reviving many old connections and in establishing new ones.

It is not surprising that the prices of raw asbestos can not at present stand a comparison with those of former years; on the contrary, the prices have undergone an enormous increase in the world's market. They now figure tenfold as much as before the war at places of production. This is partly explained by the increased cost of production, higher wages, etc. These are, of course, not the only causes for the extraordinary rise in prices. It may be added—that one of the most important wells of production—i. e., Russian Siberia—is totally at a standstill, the general conditions there making any production or export whatever impossible. This circumstance acts strongly in the rapid advance of prices for raw asbestos, which all countries are badly in need of.

Naturally the prices for ready-made asbestos articles have had to follow this advance in the prices of the raw material, so that it stands to reason that not only in Germany but in all other countries a considerable rise in asbestos goods has ensued. The German industry is particularly hard hit by it and is feeling it all the more on account of the unfortunate rate of exchange, raw materials having to be paid for at manifold prices.

The economic union of the German asbestos industry is making every effort to create a sound basis for the reconstruction of the trade. In the matter of exportation the low rate of German exchange is a considerable advantage, however much it harms German industry on the other hand, because through this the foreign markets can buy German asbestos goods considerably cheaper, so that the German asbestos industry is placed in a position to successfully

compete with its prices against foreign competition. If one adds to this the superiority of the German industry in the technical perfection of their products, one may hope it is within the range of possibility that it may regain its old position on the world's markets.

The German asbestos industry has survived and overcome the hard years of war and is just making its way in winning back its former importance and efficiency. It is called upon not only to meet all home demand but also to satisfy a considerable amount of the foreign demands. For this purpose the German asbestos goods manufacturers are at present fortifying themselves. When one considers what an important part the German asbestos goods played on the world's markets before the war, it is only a matter, of course, that the German manufacturers will leave no stone unturned to get into contact again with their old customers abroad and to discover new spheres of action. About 40 per cent of the entire production has been formerly exported.

A proper idea of the German export in asbestos goods in 1913 is given by the following export figures:

	Amount in tons.	Value in marks.
Asbestos paper, cardboard, cement plates	6,625.4	1,606,000
Threads, cords, ropes, etc., made of asbestos	306.5	506,000
Asbestos texture	311	568,000
Other articles of asbestos (asbestos-rubber articles, Klingerit, articles of clothing, asbestos for boilers, etc.)	1,180.6	2,545,000
Total	8,423.5	5,225,000

The war dealt a severe blow to the prosperous German asbestos industry on the one hand through the complete stoppage of the supply of raw material, and on the other hand through the prohibition of all export trade with asbestos goods. As Germany is fully dependent for its supply of raw asbestos upon foreign countries the importation ceased shortly after the war had started, and it was necessary to confiscate the reserves, which were in the country, in order to satisfy the most necessary demands, the most prominent of which were the needs of the Army. Every kind of export had, of course, to be prohibited, and this lasted throughout five years. It is certainly a hard test to the prosperity, efficiency, and adaptability of the German asbestos industry, but on the other side had this advantage, that many new ideas were brought forth and which are now of great benefit to the industry. At all events, it says very much for the vitality and enterprise of this branch of industry that it has so quickly overcome the effects of those unprofitable years and is making every effort to gain expansion and foreign trade.

After the war had ceased the prospects of the German asbestos industry soon became promising, as asbestos productions were among the first articles which were, on principle, permitted for export. Of course, certain formalities had to be gone through in every case, and special permission for exporting procured, but this was only a matter of form in order to insure that sufficient prices had been charged. Accordingly the importation of raw asbestos was unconditionally allowed. It can not be denied that exceedingly high prices had to be paid for it, but there was an urgent need of this material, and high prices were realized for the ready manufactured articles owing to the brisk demand.

Mr. BARNES. As an example of the difference in cost in American and in European manufacture we have received a quotation from an English manufacturer for asbestos yarn, containing less than 10 per cent cotton, of 3 shillings 3 pence per pound, or approximately 75 cents per pound in American money. In the United States the labor on this class of yarn is greater than the European selling price, and the total cost of this class is approximately $2.50 per pound. The duty, as approved by the House of Representatives, is 84 cents; or, with the duty, according to the proposed bill, plus the European quotation, this European yarn can be laid down in New York for

$1.50 per pound, while it costs the American manufacturers at least $2.50 per pound to produce it. Again, on manufacturer's yarn of a quality containing over 10 per cent cotton English manufacturers quote 1 shilling 11 pence, or about 32 cents per pound. The same class of materials costs the American manufacturer about 95 cents to produce. The duty, as approved by the House of Representatives, on this class of yarn is 32 cents per pound. Since cloth, tapes, tubings, packings, etc., are all manufactured from yarn, the difference in cost between the American and the European production on these classes of materials will vary in the same ratio as between European and American manufactured yarns. Thus, it can be seen that the rates approved by the House of Representatives are not high enough to protect the American manufacturers and we, therefore, request that the Senate increase these rates to those which were contained in a bill introduced in the House of Representatives by the Hon. Henry Watson, of Pennsylvania, which are as follows:

DUTIABLE LIST.

Asbestos paper and millboard and articles manufactured therefrom, not otherwise provided for in this section, 5 cents per pound; asbestos paper and millboard, manufactured from long-fiber asbestos for gaskets, and so forth, electrical papers not exceeding five one-thousandths of an inch in thickness, or articles manufactured therefrom, 10 cents per pound.

Articles composed of asbestos and hydraulic cement in sheets or plates not exceeding one-eighth of an inch in thickness, 1½ cents per square foot; more than one-eighth of an inch but not exceeding one-fourth of an inch in thickness, 2½ cents per square foot; more than one-fourth but not exceeding one-half of an inch in thickness, 5 cents per square foot.

Sheets that are corrugated or otherwise differing from flat sheets, 6 cents per square foot or fraction thereof; colored sheets containing an admixture matter other than asbestos and hydraulic cement, 50 per centum ad valorem in addition to the above rates.

Asbestos wick and rope or articles manufactured therefrom, 35 cents per pound.

Asbestos woven-sheet packing, in rolls, exceeding one thirty-second and not exceeding one-eighth of an inch in thickness, or articles manufactured therefrom, 50 cents per pound.

Asbestos gaskets folded or cut from the straight sheet, rubberized, graphited, or otherwise treated with water-proofing or lubricating compound or compounds, or articles manufactured therefrom, 65 cents per pound.

Asbestos yarn containing more than 10 per centum of foreign matter other than asbestos, or articles manufactured therefrom, 50 cents per pound; asbestos yarns, and listings exceeding twenty-five one-thousandths of an inch in thickness, containing less than 10 per centum of foreign matter, and cloths, tapes, cords, or other articles manufactured therefrom, $1.75 per pound; not exceeding twenty-five one-thousandths of an inch in thickness, $2.50 per pound.

Asbestos mantle threads, with or without wire, treated or untreated, $2.50 per pound.

Asbestos textile fabrics, containing 10 per centum and not more than 20 per centum of foreign matter other than asbestos, 75 cents per pound; containing more than 20 per centum of foreign matter other than asbestos, 50 cents per pound.

All other manufactures of asbestos, and articles or manufactures of which asbestos is the component material of chief value, not specially provided for in this section, 40 per centum ad valorem.

SEC. 2. That all provisions of any act or acts inconsistent with the provisions of this act are hereby repealed.

I would like to take the opportunity of calling to your attention a brief filed for the American Asbestos Dealers' Association this morning and point out a few errors in the statements. These companies import their shingles from Canada, and only consider the question

from that viewpoint; that is, Canadian importation. Shingles are also imported from Europe in fairly large quantity.

Senator McCumber (presiding). From what section of Europe?

Mr. Barnes. From Belgium, chiefly.

It is not from Canada, however, that the majority of the shingles will be imported, but from Belgium and Germany. The American Dealers' Association states that the thickness clause in the classification should be changed. We can not agree with that. The majority of shingles manufactured do not exceed one-eighth inch in thickness, and that is the basis upon which that bill was written—one-eighth inch carried a certain duty, and one-eighth to a quarter inch carried a different duty. Ordinary shingles are one-eighth inch in thickness.

It is natural that these gentlemen should use statements to their advantage which seem to be true, but their statements are decidedly misleading. To take their own figures, they stated that they purchase gray shingles at $7.72 a square. The present duty is 77 cents. The approved duty would be 1 cent per square foot, or $1.55. The duty under the Payne Act would have been $1.56, so that it can be seen that the approved duties are under those of the Payne Act.

Colored shingles, they state, they purchase for $10.20, with a duty of $1.02. The approved duty would be $5.43. The duty under the Payne tariff would have been $2.60. This increase in duty is to partially protect the American manufacturer from German shingles, as the majority of colored shingles will come from that country, and as the coloring material comprises about 60 per cent of the cost of these shingles, and this coloring matter can be purchased in Germany for one-twentieth the price which would be paid for it in this country—the shingles imported from Canada are chiefly gray—they are able to manufacture colored shingles there much more cheaply than on this continent.

Senator Dillingham. What is the base of those shingles?

Mr. Barnes. Asbestos and Portland cement.

Senator Dillingham. What does the asbestos do?

Mr. Barnes. It binds it.

Senator Dillingham. Asbestos is used simply as a binder?

Mr. Barnes. As a binder.

Senator Dillingham. The asbestos is noninflammable?

Mr. Barnes. It is.

Asbestos corrugated sheathing they advise they can purchase for 12 cents. We question this statement exceedingly. European producers are quoting 16 cents to our 20 cents. The approved duty on this class of material is 3½ cents per square foot. Present duty would be 1.6 cents. Duty under the Payne tariff would have been 4 cents.

Now, taking up the brief in detail, the asbestos dealers state that during the year 1920 asbestos materials imported were valued at $451,851, exported $2,492,192, or an excess of exports over imports of $2,040,341. They state that this clearly shows that no tariff is needed for home protection. This is decidedly not the case. Seventy-five per cent of the material exported went to Cuba, the remainder of it went to South America. It is absolutely impossible for any American asbestos manufacturer to export his product into any country manufacturing asbestos products. The reverse of this is not true. Imports have been made into the United States from England, Germany,

Italy, France, and wherever else asbestos materials are produced. It is natural that we should have the Cuban market, and of the material that was shipped there, $900,000—or practically half of everything that was exported—was corrugated roofing furnished by the Keasbey & Mattison Co. Shipments to Cuba can hardly be called export, and thus instead of the exports exceeding the imports in volume, in reality, taking country for country in which asbestos materials are manufactured, imports into this country far exceeded our exports.

Senator WATSON. Your statement has altogether to do with the manufacture of products?

Mr. BARNES. Yes, sir.

Senator WATSON. You do not deal with the tariff on asbestos?

Mr. BARNES. I do not, sir; but outside of my general statement I would like to point out points on the raw material.

Senator WATSON. Do we produce enough raw material in the United States now to supply the American demand?

Mr. BARNES. We do not, sir.

The dealers' association further states that the duty should be assessed on a square of surface covered by a single. In other words, they request that the customs appraisers shall know how many shingles will be placed on a square surface. How are they to tell whether there will be 100 laid to a square, 150, or 200?

Senator McCUMBER. Are those samples you have the usual size?

Mr. BARNES. No; they are just samples. The ordinary sizes are 12 by 12 and 8 by 16.

Yet the dealers' association states that the duty should be assessed on this roof value. How is the customs inspector to know the number of shingles required to cover this surface? They can not tell how they will be applied. To date they are allowing all shingles to enter on a basis of 155 to the square. Our friends, the importers, therefore, may bring 155 shingles, which lay 86 to the square, and declare them as one square of shingles instead of two squares. This can not be done under the bill as approved by the House of Representatives. The shingles themselves will be taxed, not the roof, and the rate will be upon a square foot of shingle material. It will be very simple for the customs inspector, if necessary, to measure the shingle, secure the square footage, and ascertain the number of shingles contained in the lot.

The dealers also state that the classification of yarns will require considerable expense to ascertain their value. This is not the case. The classification as approved simplifies the collection and the valuation of asbestos materials. Importers will, as formerly, declare their materials. An analysis will only be necessary where there is any doubt as to the truthfulness of the declaration. It is certainly much more simple to have a sample of yarn analyzed by the Bureau of Standards in Washington than to have an accountant go through the books of the European manufacturers.

The dealers also state that if we place a duty on asbestos materials, such as is approved by the House of Representatives, Canada will retailate by placing a tariff on materials manufactured in this country. They are evidently endeavoring to blind your committee to the fact that Canada has had a tariff of 25 per cent. They have a royalty tax on the raw asbestos of 5 per cent; since at least 50 per cent of the

raw material is lost in manufacture—we take a ton of crude and only get 500 pounds of fiber—this amounts to approximately 10 per cent; or, in reality, Canada has an import duty on asbestos material of 35 per cent. The only way Canada can retaliate to equal the approved bill is to reduce their duty.

The "dealers" further state that the tariff asked, paragraphs A, B, C, and D, will cause a monopoly to be formed by those companies manufacturing sheets and plates of asbestos and hydraulic cement. There is no danger of such a monopoly. There are at least five manufacturers producing this class of material at the present time, and as the patent under which asbestos shingles were most satisfactorily produced expired last August, there is no doubt that in a short time an additional number of companies will be manufacturing asbestos shingles. Competition is too keen between the various manufacturers of asbestos shingles for this tariff to lead an increase in prices or to destroy their fair competition.

Further, we not only compete with asbestos shingles but we compete with natural slate, wood, tile, and other shingles. So it is impossible for a monopoly to be formed, because if we forced the price up on asbestos shingles we would not sell any and they would all be replaced by a natural slate, tile, wood, and other materials.

The "dealers" further state that the duties requested will prevent the importation of asbestos materials into this country and thus reduce the revenue. In answer to this we would like to quote the Tariff Commission on asbestos imports, as follows:

> It seems, therefore, that the imports are not greatly affected by the tariff. The imports are largely of goods not made in the United States—special products that may be made only by one manufacturer and which will be imported regardless of variations in the tariff until the high price or extended use of any one product warrants the building of a plant for making it in the United States. The tariff problem, therefore, practically resolves itself into one of revenue only.

We note that the dealers state that they do not think increased duty should be placed upon asbestos materials. We would like to call your attention to the fact that they can evidently buy much more cheaply from foreign sources than they can from American manufacturers, or else they would purchase material of a number of American producers, who would be very glad to sell them their material.

With regard to raw material, it is chiefly exported from Canada into the United States. Ninety per cent of the raw asbestos produced in Canada comes to the United States. England secures its fiber from Africa and Australia.

The Arizona fiber is a much cheaper grade. I refer you to the Tariff Commission for the value of Arizona fiber. For one ton that is good thousands of tons are nonusable. An inspection of that [referring to sample on committee table] compared with the Canadian [exhibiting another sample] will show you the difference between the two grades. That [indicating] is Canadian, and you can see it is absolutely smooth and silky; this [indicating] is harsh and will not spin.

The only advantage of Arizona asbestos—and they can always dispose of any amount of material they can get—is the fact it does not contain iron in its chemical composition and so it is very valuable for spinning of electrical insulation. But there is not anywhere near sufficient produced to meet the requirements of the United States.

STATEMENT OF W. C. DODGE, JR., REPRESENTING ARGUS ASBESTOS CO. (INC.), PORT CHESTER, N. Y.

The Monthly Summary of Foreign Commerce of the United States for August, 1921, shows that for the first eight months of this year the exports of asbestos manufactures were seven times as great as the imports, indicating that the American manufacturer is able to meet foreign competition, notwithstanding his wage cost is greater.

It has been stated the annual business turnover in asbestos products in the United States is $100,000,000. The importations are less than 1 per cent of this amount, and, as such, have but little effect upon the productive activity of American factories. The small amount of goods imported acts as a stabilizer of prices and prevents the possibility of control of selling prices in the American market.

The duties proposed in the Fordney tariff range from 100 per cent to 600 per cent increase over the present tariff, and if these rates become law all importations will cease. This means a loss in revenue to the Government.

The accompanying statements and figures are submitted to prove that American manufacturers of asbestos products are amply protected by the Underwood tariff. Any increase will only benefit the manufacturer and result in added cost to the consumer because of higher prices which will undoubtedly follow. In fact, the Underwood tariff could even be lowered and still give the necessary protection to American industry.

Exhibit A shows the percentage of actual labor to the finished product, the general average being under 13 per cent. Suppose American labor costs were double those of foreign countries, the duty of 20 per cent ad valorem in the Underwood tariff provides ample protection. As a matter of fact, American labor is only 15 per cent higher than English labor, as shown on Sheet C, making a difference of but 3 per cent in the total cost of the finished material. Importations are chiefly from England.

Exhibit B.—Most of the asbestos fiber comes from Quebec, Canada. Figures here show a 4 to 1 advantage for American manufacturers on transportation costs.

Exhibit C shows the average American wage is 15 per cent higher than the English wage.

Exhibit D.—Here is shown the tremendous increase in duties imposed by the rates in the Fordney tariff—from 100 per cent to 600 per cent. This disparity will become even greater with lower costs, because specific duties remain unchanged. Such an increase will make importation impossible.

Exhibit E.—A witness before the Ways and Means Committee, in order to justify the request for increased protection, stated only the most expensive fiber can be used for spinning. This exhibit shows average total production of 4,500 tons annually, while the world textile output is close to 20,000 tons. Obviously three-quarters of the production was only possible with the use of cheaper grade fibers.

Exhibit F.—Here is shown the United States exports and imports of asbestos goods for eight months ending August, 1921. Exports were seven times the imports. Why need the American manufacturer fear competition at home which he so successfully meets abroad?

Exhibit G.—In a majority of instances the Fordney rates are greater than 1914 selling prices in the United States, and there is every indication of a return to figures approaching prewar levels.

Exhibit H contains extracts from evidence before the Ways and Means Committee and our comments upon same.

EXHIBIT A.

Percentage of actual labor to the finished cost.

Asbestos:	
Yarn	7.1
Cloth	11.5
Proofed sheeting	14.2
Fine yarn	7.6
Superfine yarn	11.2
Listing	21.5
Average	12.2

The above are figures of a manufacturer in England, near Manchester.

EXHIBIT B.

Freight cost, mines to Rochdale, England, on asbestos fiber, £7 3s. 10d. per 2,000 pounds.

Freight from Liverpool to New York on finished goods, 85s. per ton weight or measurement.

The above expressed in American dollars, on the basis of $4.20 to the pound sterling, is equal to $2.40 per hundredweight.

The freight rate from Canadian mines to Philadelphia is $0.61½ per hundredweight.

The above shows an enormous advantage to American manufacturers on transportation costs.

EXHIBIT C.

Comparison of wages paid in asbestos textile industry.

[Basis, $4.20=£1.]

	United States, Philadelphia district.		England.	
	54-hour week.	Per hour.	48-hour week.	Per hour.
Picker room	$18.00-$20.00	$0.33-$0.37	$16.17	$0.35
Spinning room	20.00- 22.00	.37- .41	$12.25- 15.70	$0.26- .33
Spooling and twisting	15.00- 18.00	.28- .33	11.55- 15.65	.24- .33
Weaving	25.00- 30.00	.46- .55	18.90- 21.00	.40- .44
Sundry labor	18.00- 20.00	.33- .37	15.54	.32
Average	19.00- 22.00	.35- .41	14.00- 16.80	.30- .36
Average per hour		.38		.33

The above figures indicate the average American wage is 15 per cent higher than the English wage.

EXHIBIT D.

Comparison of present duties under Underwood tariff with proposed duties under so-called Fordney tariff bill.

H. R. 7456.		Commodity.	Present ad valorem duty.	Proposed specific duty, per pound.	Equivalent of proposed specific duty on ad valorem basis.	Increase over present duty.
Page.	Lines.					
			Per cent.	*Per lb.*	*Per cent.*	*Per cent.*
148	4 and 5	Asbestos yarn	20	32 cents.	68	240
148	6-7-8	Yarn and listings	20	84 cents.	140	600
148	8 and 9	do	20	$1.68	53	165
148	10 and 11	Textiles	20	42 cents.	90	350
148	13 and 14	Mantle threads	20	$1.40	62½	213
148	14-21	All other manufactures	10	20 per cent.		[1] 100

[1] Plus increase due to American valuation plan.

EXHIBIT E.

Production of asbestos in Quebec, Canada—Shipments and sales.

Year.	No. 1 crude, tons.	Average value per ton.	No. 2 crude, tons.	Average value per ton.
1914	1,336	$301.96	2,812	$131.85
1915	2,734	274.36	2,631	122.40
1916	3,073	422.76	2,885	219.77
1917	1,761	778.38	3,603	381.46
1918	1,808	937.92	1,896	424.74
1919	1,103	1,256.74	2,991	618.77
1920	1,026	1,475.10	2,830	811.28
Total	12,841		18,648	
Yearly average	1,834		2,664	

Total yearly average of Nos. 1 and 2 crude, 4,500 tons.

EXHIBIT F.

Statement of United States exports and imports of asbestos manufactures.

[From the Monthly Summary of Foreign Commerce of United States for August, 1921.]

	August.		Eight months ending August.		
	1920	1921	1919	1920	1921
Imports	$59,219	$23,346	$146,551	$431,652	$251,226
Exports	399,186	120,899	2,325,938	2,646,760	2,057,871
Excess of exports over imports	339,967	97,553	2,179,387	2,215,108	1,806,645

For the month of August, 1921, the exports are more than five times the imports, and for the eight months' period ending August, 1921, the exports are more than seven times the imports.

Surely the American manfuacturer is not selling his product in foreign markets at less than cost.

EXHIBIT G.

Branch office costs of an American manufacturer of asbestos products in early 1914, and a comparison of rates asked in Fordney tariff bill.

	Cost per pound.	Fordney rates.		Cost per pound.	Fordney rates.
Asbestos yarn	$0.29-$0.39	$0.32	Asbestos listing under 0.025 inch thick	$0.70-$1.50	$1.68
Fine Asbestos yarn	.43- .49	.84	Textile fabrics	.30- .65	.42
Asbestos listing over 0.025 inch thick	.40- .90	.84	Mantle threads	.42- .52	1.40

EXHIBIT H.

EXTRACTS FROM MR. BARNES'S EVIDENCE.

"The cheapest crude is about $1 per ton and the most expensive is about $3,000 per ton."

Mr. OLDFIELD. I notice you said it cost about $3,000 a ton?

Mr. BARNES. That would be a fair average cost for the best grade.

Mr. WATSON. What do you manufacture out of the $3,000 asbestos?

Mr. BARNES. Yarns which go into cloth: any spinning has to be done out of the $3,000 material. The other is simply used in asbestos material which is put around furnaces and boilers.

Mr. WATSON. You can only spin out of the most expensive?

Mr. BARNES. You can only spin out of the most expensive.

Mr. BARNES. In requesting the rates specified, we are asking for sufficient protection, not to give the industries of this country an advantage over European imports, but to allow for the difference in manufacturing costs due to wage differences between Europe and the United States; to permit a healthy competition

OUR COMMENTS.

We have yet to see crude or fiber of any kind at $1 per ton and not more than two or three sales of small quantities were made at $3,000 for No. 1 crude. It can be definitely stated that No. 1 crude was always obtainable in Thetford, Canada, at $2,000 a ton. Mr. Barnes's evidence is consequently inaccurate.

It is utterly impossible to reconcile such a statement with the facts. Exhibit E is taken from reports issued by the Bureau of Mines, Quebec, and clearly shows the production of Nos. 1 and 2 crude from 1914 to 1920. It will be noted that the yearly average for both grades is 4,500 tons. Now, the textile output of the world is at least 20,000 tons per year, and these figures are quite sufficient to disprove the statement that you can only spin out of the most expensive.

We would readily agree and, indeed, welcome a tariff which would give the American industry the protection which Mr. Barnes seems to be asking for. Exhibit A will show to what a very small extent labor actually does enter into the cost of textiles, so that, assuming labor in America to be double what it is in Eng-

between American and foreign producers and to prevent the dumping of undervalued European goods on the American markets, to the detriment and ultimate destruction of American industry. In considering the cost of production in Europe versus the United States, it may all be summed up in the difference paid the working men.

Mr. BARNES. Furthermore, this material is delivered to the asbestos factories in Europe at no greater transportation cost than that required to convey the same material from Canada to asbestos industries in the United States.

Mr. BARNES. We find, upon investigating costs of European production, the wages paid are about as follows: In England it is 25 shillings per week, which is $6.25 under normal exchange and $5 at the present rate of exchange. In the United States the same class of labor is receiving $25 per week. The English skilled laborer receives 55 shillings per week, or $14.75 under normal exchange. The American workingman of the same class receives $35 to $45 per week. The European wages which I have given you are approximately 60 per cent greater than before the war.

Mr. BARNES. The cost of production of asbestos materials may be divided into two parts—materials, labor and overhead; 55 per cent of the cost of production is material and 45 per cent is labor and overhead. There is very little difference between the raw material cost in this and foreign countries; the labor cost, however, is the difference between 100 per cent and 20 per cent. And it is to equalize this difference that we have requested the rates I have named.

Mr. BARNES. We may say that at present, because of the importation of European goods and the extremely low quotation on goods not yet delivered, together with the condition of the market, the asbestos-textile industry is at present at a standstill, practically all its mills being shut down.

Mr. BARNES. Now that the war is over, our European competitors are endeavoring to dump their products on our markets at prices which will be our ruin, but which, under current exchange, will show several hundred per cent profit for them.

land, the present tariff of 20 per cent ad valorem would be more than sufficient to compensate the American industry.

Exhibit B shows the freight from mines to factory in England and the return freight from Liverpool to New York. This is equal to-day to about $2.40 per 100 pounds. The rate from Thetford mines to Philadelphia is 61½ cents per 100 pounds, which is an enormous advantage to the American producer.

The minimum wage for unskilled labor in England is £3.11.0 ($14.20) present exchange per week of 48 hours for males and £2.9.0 ($9.80) for females. The average male employee, including skilled and unskilled, draws approximately £4 ($16) per week of 48 hours. To say that American labor is paid 100 per cent more is making a very generous allowance. English labor is exactly 120 per cent over prewar and not 60 per cent.

The differential in labor cost of 100 per cent to 20 per cent is exaggerated, since it is a fair statement that American textile labor is well paid at figures 100 per cent higher than English labor. Thus a 20 per cent ad valorem tariff is ample protection.

This condition is world wide and is not at all brought about due to the importation of European goods into the United States.

How any competitive industry operating in a free-trade market can make several hundred per cent profit is beyond us, and information as to how it can be done would be very interesting indeed.

ASBESTOS SHINGLES.

[Paragraph 1401.]

STATEMENT OF FORREST BRAMBLE, BALTIMORE, MD., REPRESENTING AMERICAN ASBESTOS DEALERS' ASSOCIATION.

Mr. BRAMBLE. I represent the Asbestos Dealers' Association.

The CHAIRMAN. Are you in the business yourself?

Mr. BRAMBLE. No, sir.

The CHAIRMAN. You are an attorney?

Mr. BRAMBLE. Yes. I want to divide the time with Mr. Steelman.

The CHAIRMAN. What do you want to speak on?

Mr. BRAMBLE. I have a brief here, Mr. Chairman, that I will hand to each member of the committee, and then take up briefly each statement and just offhand express them. Mr. Steelman is a practical man and will answer any questions.

I wish to thank you, Mr. Chairman and gentlemen of the committee, for your courtesy in giving us a hearing. This little brief I have printed and filed with the committee, but I thought it might be somewhat explained. You will find that the first page has reference to an exhibit on the back, which gives a schedule for various present rates of duty and the proposed rates, with the increase, showing the specific duties on the various items and also the present ad valorem and increase based on ad valorem basis.

I might say, Mr. Chairman and gentlemen, that the main items that we are interested in are under Schedule 14, paragraph 1401, and on pages 156 and 157 of the bill.

Senator SMOOT. It is page 147 now.

Mr. BRAMBLE. I have the old bill; and it refers particularly to the flat asbestos product, asbestos shingles, asbestos mill board, and asbestos corrugated sheeting.

The first reference there, of course, is an increase of 100 to 830 per cent over the present duty.

Senator SMOOT. Whom do you represent?

Mr. BRAMBLE. I represent the American Asbestos Dealers' Association, as indicated on the back of this brief, Senator. I am of the firm of Barton, Wilmer & Barton, of Baltimore.

The CHAIRMAN. Where do you reside?

Mr. BRAMBLE. I reside in Baltimore.

Senator SMOOT. You are importers, mostly?

Mr. BRAMBLE. Yes, sir; my clients are importers.

The CHAIRMAN. You are a member of the bar?

Mr. BRAMBLE. Yes, sir.

The CHAIRMAN. You are not in the asbestos business?

Mr. BRAMBLE. No, sir.

The CHAIRMAN. Are you familiar with the industry?

Mr. BRAMBLE. I am familiar with some few items. The first item there I simply called your particular attention to, because I am going to let Mr. Steelman take up the time and make the practical explanation. That is the item with reference to the difference in tariff on the gray shingles from the colored. As provided in the bill it proposes to tax the gray shingle 1 cent per square foot and the colored shingle 3½ cents per square foot, plus the 10 per cent ad valorem. We do not understand why there should be any more tariff on the red

shingle than on the gray. The red shingle is the more expensive; in fact, the colored shingles cost per square $23.45, whereas the light gray is $15.75 list, subject to discount.

Of course, the gentlemen of the committee can very readily see that that would mean a very big thing, because of the additional tariff.

Another thing in connection with this shingle: The dye which goes into this shingle, I am informed, is produced by the United States. In other words, we export the color into Canada that goes into these shingles, and it is proposed under this bill to tax these shingles 10 per cent ad valorem in addition to the 3½ cents per square foot.

Then, as to the increase, if you take the next item—12 by 12 honeycomb or diagonal colored shingles—this size is $16.40 per square, with 35 per cent off, making the cost price $10.66. Of course, on the present ad valorem, 10 per cent would be $1.07 per square. The proposed duty, at 3½ cents per square foot, would be $5.60, plus the 10 per cent on colored shingles, would be $6.66. So that you can see the increased tariff would be a little over six times.

The next item that I wish to call your attention to is the amount of imported and exported material of this kind during the year 1920, and it is not necessary for me to take this time, because the figures show for themselves.

The next item, first subdivision on page 3, is the matter of the taxing of the various thicknesses of the shingles.

The committee will see that the proposed tax on shingles to one-eighth inch in thickness is 1 cent per square foot and on shingles of over one-eighth inch in thickness 2 cents. We say, in the first place, that the cost on these shingles from one-eighth to three-sixteenths inch is the same, and the selling price to the consumer is the same. So that you get no more for the three-sixteenths-inch shingle than you do for the one-eighth, and therefore we say that the same ratio ought to prevail.

The other phase of it is, and the difficulty about it is, measuring these shingles by the customs officers in order to determine the duty. There [exhibiting samples to the committee] are two shingles that to the eye would be the same thickness, and yet this shingle [indicating], accurately measured, is one-eighth inch in thickness, and this is five thirty-seconds. So that this shingle would be obliged to stand 1 cent a square foot, and this one would stand 2 cents a square foot. We say that that is not fair; that it ought to be all the same, especially in view of the fact that I understand from those who know that it is very difficult to get the same thickness. Your mixture may be a little stiffer at some times, and while the same pressure is on the machine that makes the shingle, of course, if you have a more solid substance at one time than another you necessarily can not compress it as closely. The other is that the one-eighth-inch shingle and the three-sixteenths-inch shingle serve the same purpose; they both do the same work; and therefore it is almost practically impossible in any appreciable quantity to make the shingles exactly one-eighth inch.

Senator LA FOLLETTE. There must be very little difference in the cost of producing them.

Mr. BRAMBLE. I imagine, Senator, there would be; and for that reason they do not charge us any more. We can not see the reason for that; that is, the difference in proposed tariff.

Senator LA FOLLETTE. Do they sell at the same price?

Mr. BRAMBLE. They sell at the same price and we buy them at the same price.

Senator LA FOLLETTE. And yet the duty is double?

Mr. BRAMBLE. The duty is the same on the five thirty-seconds as on the three-sixteenths, as you will find, and 100 per cent less on one-eighth.

Senator MCCUMBER. You make some distinction between the different thicknesses, and you will have to agree upon some ratio, would you not, and some line of demarcation?

Mr. BRAMBLE. Yes, Senator, we would do that, and I would say in the case of a thickness where it was appreciable and could be observed by the eye it would serve a purpose. This shingle, one-eighth inch, would serve one purpose and you would have three-sixteenths or over for another purpose.

Senator LA FOLLETTE. It would seem that the classification ought to run similar with respect to the cost.

Mr. BRAMBLE. I think so, and that is the reason that the manufacturer—the man who makes them—sells them for the same price. As I suggested, he appreciates that it is almost impossible to regulate his machine for so small a difference, and if his mixture is a little stiffer or some other reason, it may stand a little while—as it passes through the machine and is rolled out it will be a different thickness. If you make the duty on the cost you would have to go from specific to ad valorem.

We say in our brief that we think the ad valorem is the proper basis.

Senator DILLINGHAM. From what country do we import those products?

Mr. BRAMBLE. These are imported from Canada. Then, of course, the other phase of it, Senator, is that in arriving at that—suppose that rate prevailed—these shingles which are shipped in carload lots would have to be measured. You could pick up an ordinary shingle where there was quite an appreciable difference, one-eighth or one-fourth, and you could with the naked eye see there was a difference there. But where it is so close, they would have to measure practically every shingle.

If that were necessary, just see what that would mean in the way of labor to the Government.

Another thing, we think, in reference to that is, in consequence of this, they propose to tax on the square of material rather than the square surface; and what I mean by that is this: They sell to us and we sell to the customer at so much per square of covering—in other words, it takes 155 square feet of actual substance to cover 100 square feet of surface; and we pay on the basis of 100 square feet of surface. These shingles are lapped, and therefore whatever the duty proposed it ought to be based on the same way shingles are to be sold, because that is standard. In other words, when we say we want a square of covering, they sell us 155 square feet to cover 100 square feet of surface; and we say that ought to be recognized or, at least, the tariff ought to be levied upon the same basis.

While not particularly interested in yarn in the bill, it provides that where there is a certain amount of foreign matter it is so much a pound, and where it contains more foreign matter as much more.

That is where we think our argument is sound with reference to the shingles. We think that it would involve an immense amount of labor in analyzing the yarn to ascertain the foreign content of the particular class of material.

Senator SMOOT. What ad valorem do you suggest, or is that in your brief?

Mr. BRAMBLE. The present ad valorem duty on all this material is 10 per cent. We say that 50 per cent increase ought to be ample, because under present and past experiences, even under the Wilson bill 10 per cent ad valorem, the business has prospered and thrived and has shown in 1920 that there was about five times as much of this material exported as there was imported.

Senator MCCUMBER. Where is the most of it imported from?

Mr. BRAMBLE. The most of it is imported from Canada.

Senator LA FOLLETTE. Have the imports been increasing or decreasing?

Mr. BRAMBLE. They seemed to have been increasing in recent years; but not according to 1920 in any appreciable amount. I might say this, in passing, that the majority of the crude asbestos we get from Canada—probably 90 per cent. I understand a little can be obtained in Africa, but to no great amount. I understand that the Asbestos Manufacturers' Association, in their hearing before the Ways and Means Committee, suggested the possibility of foreign competition. Take, for instance, if England is going to manufacture shingles they have got to take the crude asbestos from Canada and ship it across the water; they have got to manufacture it and ship it back. Mr. Steelman will tell you—I will mention it in passing—when you ship by water you have to crate this kind of material. You can not import this material in ships as you do in cars, and therefore that crating will cost 90 cents per square. So that not only would you have freight both ways on manufacturing in England, but you would have the additional cost of crating or shipping back by water; and that same thing will apply with reference to the Great Lakes. I understand that there is a suggestion that we could flood this country with the shingles from Canada by shipping them over the Great Lakes. Our answer to that is that they would have to crate the material for shipment by boat across the Lakes, and the difference in the crating, plus the freight, would make it prohibitive.

Senator LA FOLLETTE. Because of the handling?

Mr. BRAMBLE. Because of the handling; and, then, they say when they do crate it that there is more or less breakage. The American valuation has been touched on. We think that the cost price, whatever it is, ought to be the basis of valuation, and that the tariff, if it is necessary to have more tariff on that basis, that is the basis that should be adopted.

Senator SUTHERLAND. If shipped across the line in railroad cars, they would have to crate them, would they not?

Mr. BRAMBLE. No; they do not crate them when they are shipped in railroad cars. They say they can ship across the Lakes; and, as I understand, generally transportation by water is cheaper than the freight rates by railroad—we all know what railroad freight rates are now—and, as a matter of fact, they do ship at the present time in railroad cars.

Senator LA FOLLETTE. Do you know the total value of the domestic production of manufactured asbestos?

Mr. BRAMBLE. I think, Senator, that the last report, made before the Ways and Means Committee, was that the annual business in 1920 was around $100,000,000. I might say right here that since 1883, with the tariff varying, that they have grown from about, say, 100 men employed and a capital valuation of a few hundred thousand dollars to between $50,000,000 and $60,000,000, employing 20,000 men. So it has been gradually growing.

In 1920 you will see at the top of this little brief the figures of importation of raw material. You will find there the figures that go a little over $9,000,000.

Of course, we all know that as far back as James G. Blaine the idea of reciprocity came about; he was the father of it. We do not know what Canada will do, but there is an enormous amount of material we are getting every year, and we want to get it as cheaply as possible, to favor our own people; and yet it is hardly probable, as suggested in the brief, that if we put on a tariff to such an extent as that which is proposed in the bill and make it prohibitive to import any shingles, it is only human that they may adopt retaliatory measures and put an export tariff on raw material.

Senator DILLINGHAM. Do you know what they have already done?

Mr. BRAMBLE. No, sir.

Senator DILLINGHAM. You do not know what their rates are?

Mr. BRAMBLE. This comes in free.

Senator LA FOLLETTE. So far as our country is concerned it comes in free, but is there an export duty imposed by Canada?

Mr. BRAMBLE. I do not know, but Mr. Steelman can tell you.

Senator DILLINGHAM. But in respect to that sold by the United States, do you know what the duty is?

Mr. BRAMBLE. No, sir.

Senator WATSON. What are our exports of manufactured products from Canada?

Mr. BRAMBLE. I could not say. The entire exports, Senator, as stated in the brief, is about $2,500,000.

Senator WATSON. How much of the raw material used in our factories comes from Canada?

Mr. BRAMBLE. I think a very large portion of it. I think some of our manufacturers own mines there; in fact, I understand that the mines, when everything is working, supplies the most of the world's requirements. They get some appreciable amount from the Ural Mountains in Russia, but since the war that source is practically gone. So I say now that there must be at least 90 per cent of the material comes from Canada; there is some little from South Africa, but I understand it is not of good quality.

By the way, I think in our brief there are some figures with reference to the exports.

BRIEF OF FORREST BRAMBLE, BALTIMORE, MD., REPRESENTING THE AMERICAN ASBESTOS DEALERS' ASSOCIATION.

Mr. Chairman and gentlemen of the committee, we, the undersigned, respectfully protest against the proposed increase of tariff on manufactured asbestos products, as set out in H. R. 7456, introduced by the Hon. Joseph W. Fordney, chairman of the Ways and Means Committee of the House of Representatives, and beg leave to submit herewith basis of our protest:

We attach hereto a paper, showing present and proposed duty, percentage on selling price, based on ad valorem duty, and percentage of increase over present duty, which paper for purposes of identification is marked "Exhibit No. 1." It will be observed from the exhibit that the increase of proposed duty over the present duty of 10 per cent ad valorem ranges from 100 to 830 per cent, the lowest duty being equivalent to 20 per cent and the highest 93 per cent ad valorem. There are two items included in said exhibit, however, which show decreases in present duty, to wit: 1-inch asbestos lumber, present duty 10 per cent; proposed duty 4½ per cent; decrease 108 per cent; one-half-inch asbestos lumber, present duty 10 per cent; proposed duty 9 per cent; decrease 12 per cent.

Why these two items should be less while the others have been so enormously increased we do not know. Further, we do not understand why colored or mixed sheets and plates of asbestos should bear the maximum duty (3½ cents per square foot) of the other kinds, and in addition thereto a 10 per cent ad valorem duty.

On the present price on 12 by 12 inch honeycomb or diagonal colored shingles of $16.40 list, less 35 per cent, or $10.66, this would mean a duty of 62 per cent; i. e., 160 square feet at 3½ cents equals $5.60 plus 10 per cent—$1.06, or a total of $6.60 per square.

We also wish to add in this connection that the first, second, third, and fourth items shown on the exhibit, and about which the undersigned are most concerned, show an increase of from 200 per cent to 700 per cent over the present duty. The percentages are computed on the proposed specific and ad valorem duties, but indicate the percentage of increase if the same amount of revenue was proposed to be raised by the ad valorem method.

We also submit, for your consideration, the following statement, showing importations and exportations of asbestos products during the year 1920: Imported, manufactured, $451,851; exported, manufactured, $2,492,192; excess of exports over imports $2,040,341.

This clearly indicates that there is no necessity for additional tariff on asbestos products to protect home manufacture, as the above statement shows that under the present duty more than five times as much of manufactured asbestos products were exported from as was imported into the United States, and it is hardly necessary to suggest that the home manufacturers would export their goods at a loss, and especially in such large quantities.

Before passing from Exhibit No. 1 we wish to call particular attention to the item of asbestos shingles in several aspects:

First. That while a great many of these shingles range from one-eighth to three-sixteenths in thickness, the cost to the dealer and on to the consumer is the same; yet it is proposed by the Fordney bill to have two different schedules of tariff, making the increase on the one-eighth-inch shingle 101 per cent and everything over one-eighth in and not exceeding one-fourth inch 300 per cent, placing the slightest variation in thickness over one-eighth inch in the higher class, which certainly up to three-sixteenths in thickness is very unfair, and therefore the one-eighth inch and three-sixteenth inch should be classified together.

In this connection we wish to say that the machines employed in the manufacture of asbestos shingles are so constructed that it is impractical to manufacture, in any appreciable quantities, these shingles one-eighth inch in thickness. The exhibit, as you will note. shows from five thirty-seconds to three-sixteenths, and are all sold at the same price, and hence should bear the same duty.

Second. The rate is based on the square of shingles, but should be based on the square of surface covered by the shingle if specific basis is adopted, which is well known and can easily be computed for the purpose of arriving at the quantity of surface covered, as it takes 155 square feet of shingles to cover 100 square feet of surface.

Third. We understand that the advocates of the specific duty claim that it is better than ad valorem, because of the possibility of undervaluation, but the answer to this is that the Government have experts to check this up, with the right of access to the importers' books and costs, whereas with the specific-duty plan the customs officials would be obliged to measure every sheet to get the thickness, especially where you have a difference in size as close as one-eighth inch and five thirty-seconds inch. Taking the items of shingles, there are 15 in one bundle and 900 bundles per car, or 13,500 shingles in each car to be measured; so that it can be readily seen what a costly and impractical thing it would be to do this.

Another illustration of the impracticability of the specific-duty plan will be the making of laboratory tests rendered necessary to ascertain the percentage of cotton in asbestos yarn. The bill provides, as shown under paragraph 1401, at page 148:

"Yarn containing more than 10 per cent of foreign matter. 32 cents per pound; yarn and listings containing less than 10 per cent of foreign matter, exceeding twenty-five one-thousandths of 1 inch in thickness, 84 cents per pound; not exceeding twenty-five one-thousandths of 1 inch in thickness, $1.68 per pound."

And thus it will be seen a great amount of labor and expense will be entailed, whereas the ad valorem plan makes collection of duties very simple.

Fourth. The American valuation plan will, if adopted, make an additional increase in the duty, as such value is not what the article costs, but what you can get for it. This is a new departure in tariff legislation and certainly is not only unfair to the importer but to the consumer, and would, if enacted as a part of the tariff law, practically put an end to importation of manufactured asbestos products at the rates indicated in the proposed bill, and we earnestly urge that this plan be rejected.

It is also true that a great deal of raw or unmanufactured asbestos products are mostly obtained from Canada, and that there was imported from said country into the United States, free of duty, in the year 1920, $9,120,255 of this class of material. There is no duty proposed on these products by those who advocate an increased duty on the manufactured article, but it is certainly not at all unlikely that should we place the proposed duty on the manufactured products, that Canada by way of retaliation would impose a duty on exportation of the raw or unmanufactured product from that country to the United States.

As a further evidence of the fallacy of the argument as to the necessity for the proposed increased tariff in order to protect home manufacturers from foreign competition, below will be found a statement showing the imports of "asbestos in any form other than crude, and of all manufactures of" for the past three fiscal years and for 10 months ended June 30, 1921, into the Dominion of Canada.

From—	Year ending Mar. 31—			Ten months ending Jan. 31, 1921.
	1918	1919	1920	
United Kingdom	$64,233	$49,522	$75,566	$148,574
United States	463,230	600,108	658,570	711,695
Azores and Madeira			47	
France				3
Germany	520			
Japan			7	140
Portugal	71	52	112	
South Africa, British				86
Sweden		12		
Total	528,054	649,694	734,302	860,498

It will be seen from the above statement that the United States exported into Canada almost six times as much as was exported from the United Kingdom and nearly as many times as much as the United Kingdom and the other seven countries appearing on said list.

We do not suppose that it will be seriously contended that the United States manufacturers exported this product at a loss, and therefore, as above stated, it furnishes additional evidence that there is no necessity for increase in said tariff to protect home industries.

We further respectfully submit that if the tariff on the asbestos articles enumerated in Exhibit No. 1 is increased as proposed by the Fordney bill, that the result will be—

(*a*) A monopoly will be established in this country of manufactured "sheets and plates of asbestos and hydraulic cement," and will be largely, if not wholly, in the control of two companies.

(*b*) That when the increased tariff goes into effect, said monopoly will increase its prices correspondingly and, of course, at the expense of the United States consumer.

(*c*) That it will destroy fair and healthy competition, to which the people of the country are entitled, and place them at the mercy of practically two concerns.

(*d*) That instead of providing additional revenue for the support of the Government, it will wipe out the present revenue derived from this source, because of the enormous increase proposed, to wit, from 100 per cent to 830 per cent, which will be prohibitive of the importation of any such material, equivalent to ad valorem duty of from 20 per cent to 93 per cent, as before stated.

(*e*) That it would eliminate the United States dealers in "sheets and plates of asbestos and hydraulic cement" from competition in the open market for the consumers' business, and, in fact, force them out of this line of business.

(*f*) We also wish to add that when the rate of exchange between the United States and Canada becomes normal it will be practically impossible to import into this country any of the products mentioned in this protest, and thus from another angle a monopoly would be created.

We, of course, as American citizens, want to be understood as being in favor of affording fair and proper protection to American industries, but it must also be taken into consideration that the great American public, who after all are the bulwark of our Nation, should not be forgotten, and hence any legislation should have for its purpose the greatest good for the greatest number.

We do not think the scheme or method of imposing duty on the asbestos products is a fair way to do it. We believe, as above stated, that the present duty affords ample protection for the American manufacturers, but if some increase is deemed necessary by the committee we would be satisfied with an increase of 50 per cent over the present ad valorem duty, which would be ample to give more than the necessary amount of protection.

We will be pleased to have the privilege of submitting such additional information on the above subject as your honorable committee might desire.

We wish to add that we appreciate very much your kind consideration in granting us a hearing at a time to be designated by you.

(Signed by The W. E. Steelman Co., Niagara Asbestos Corporation, The Clark-Fisher Co., and The Wallace & Gale Co., members of American Asbestos Dealers' Association.)

Exhibit No. 1.

Tariff on asbestos.

Page.	Item.		Selling price at factory.	United States manufacturers' price.	Present duty.	Proposed duty.	Percentage on selling price; i. e., equivalent to ad valorem duty of—	Duty if figured on basis of United States manufacturers' price.	Percentage of increase in duty.
							Per ct.	*Per ct.*	*Per ct.*
156	22, 25	$\frac{5}{32}$ to $\frac{5}{16}$ inch asbestos shingles sufficient to cover 100 square feet roof surface—155 square feet.	Gray, $7.77	$9.00	10 per cent, 77 cents	2 cents square foot, $3.10	40	34	300
157	2–4		Colored, $10.20	13.37	10 per cent, $1.02	3½ cents square foot plus 10 per cent, $5.43.	63	41	530
157	2–4	$\frac{1}{16}$-inch linabestos wallboard (made colored only).	Square foot, 5 cents	.08	10 per cent, ½ cent	3½ per cent plus 10 per cent, 4 cents.	80	50	700
157	2	Asbestos corrugated sheathing	Gray, 12 cents	.12	10 per cent, 1¼ cents	3½ cents	30	30	200
157	1–2	1-inch asbestos lumber	Gray, 56 cents		10 per cent, 5¼ cents	2½ cents	4½		[1] 108
157	1–2	½-inch asbestos lumber	Gray, 28 cents		10 per cent, 2.8 cents	do	9		[1] 12
156	24–25	$\frac{3}{16}$-inch asbestos lumber	Gray, 10 cents		10 per cent, 1 cent	2 cents	20		100
156	24–25	Asbestos ridgeroll, per linear foot	do		do	3½ cents per square foot	35		250
157	2, 4	do	Colored, 12 cents		10 per cent, 1¼ cents	3½ cents plus 10 per cent, 4.7–10 cents.	39		290
156	17, 20	Asbestos paper and millboards, long fiber.	15 cents per pound		10 per cent, 1½ cents	8 cents per pound	53½		435
156	21	Asbestos paper and millboards, other fibers.	5 cents per pound		10 per cent, ½ cent	1½ cents	30		200
157	4, 5	Wick and rope	30 cents per pound		10 per cent, 3 cents	18 cents per pound	60		500
157	5, 6	Woven sheet packing	50 cents per pound		10 per cent, 5 cents	24 cents	48		380
157	6, 8	Gaskets	60 cents per pound		10 per cent, 6 cents	56 cents	93		830

[1] Reduction.

STATEMENT OF W. E. STEELMAN, REPRESENTING W. E. STEELMAN CO., WILKES-BARRE, PA.

The CHAIRMAN. Are you in the asbestos business, Mr. Steelman?

Mr. STEELMAN. Yes, sir.

The CHAIRMAN. What form of the business are you in?

Mr. STEELMAN. I am engaged in importing asbestos shingles and flat sheets.

The CHAIRMAN. Where do you import from chiefly?

Mr. STEELMAN. Canada, entirely. There were several questions which Mr. Bramble did not have the information on, or which he overlooked, and one question was that as to the imports and exports. The excess of exports over the imports for 1920 was $2,040,341.

Senator WATSON. That is exports to Canada?

Mr. STEELMAN. We export some material to Canada, but we receive all of our raw materials from Canada.

The CHAIRMAN. That statement is in the brief and was explained.

Mr. STEELMAN. The question of assessing the tariff on asbestos shingles as it has been planned by the Fordney Act, Mr. Bramble explained, but he did not explain in detail the fact of the collection of the duties, involving the handling of 13,000 feet of material in every carload that is brought across the border, which makes it such an expensive operation that I question very much whether there would be any revenue left after assessing the tariff. There are 13,000 feet in each carload of goods, each one of which has to be handled, and not only handled, but they must be calipered. These two samples [indicating] vary 1 cent each per square foot. One is one-eighth and the other is five thirty-seconds.

Senator CURTIS. Why could not the Government officials require you to ship each class by itself and put a penalty on for not doing this?

Mr. STEELMAN. Do you not think the simpler thing would be to put on an ad valorem duty?

Senator CURTIS. I do not see much in ad valorem duties.

Senator LA FOLLETTE. If there is no difference in the cost of producing these shingles of the same thickness, I do not see any reason for the double duty on one over the other.

Mr. STEELMAN. Not only that, but there is no difference in the selling price.

Senator CURTIS. I am talking about the general proposition.

Mr. STEELMAN. The ad valorem rate would take care of that, but the specific rate by the square foot on the thickness of material would not take care of it. They must all be handled and measured with a micrometer, because the eye can not discern one thirty-second of an inch thickness; they must be calipered.

Senator CALDER. Did I understand you to say that these different thicknesses are sold for the same price?

Mr. STEELMAN. Yes.

Senator LA FOLLETTE. Is not three-eighths and one-fourth worth more than one-sixteenth?

Mr. STEELMAN. When you get up to one-fourth inch then the schedule changes, but the rate is higher. A one-fourth-inch shingle costs more. But the standard of the manufacturers of the United States and of Canada is the three-sixteenths inch.

Senator McLEAN. I buy a great many three-eighths myself and some one-half, and I pay more for the one-half than the three-eighths?

Mr. STEELMAN. From now on you will be getting these three-eighths for less money, as there has been a reduction in the price.

Senator McLEAN. Do you know that there is a difference between the three-eighths and one-half?

Mr. STEELMAN. Yes; but not up to three-sixteenths.

Senator WATSON. It does not cost any more to make them?

Mr. STEELMAN. No; it does not.

Senator McCUMBER (presiding). Are not these things manufactured or intended to be manufactured not to exceed one-fourth difference?

Mr. STEELMAN. They run one-eighth to three-sixteenths.

Senator McCUMBER. Between one-eighth and three-sixteenths?

Mr. STEELMAN. The provision is one-sixteenth.

Senator McCUMBER. And any smaller division than that is simply because the machinery does not succeed in making them exact?

Mr. STEELMAN. That is the idea.

Senator McCUMBER. They are sold on the one-sixteenth basis and are supposed to measure up approximately to the one-sixteenth-inch basis on which they are sold. Then, could you not make the specific duty on the one-sixteenth, the two-sixteenths, and three-sixteenths and have a difference in duty without making the cent difference that they are sold for the same price—a reasonable difference?

Mr. STEELMAN. That would mean a change in all the standards of the trade. In the first place, we would have to go to work throughout the United States and convert the roofing trade. Their unit of measurement is one square; our unit of measurement is one square. We manufacture and we quote prices by the square, not by the square foot. It requires 155 square feet to make one square, and it is always understood that when we quote you on square material that we are quoting on sufficient material to cover one square, or 10 by 10 surface, on the roof.

Senator McCUMBER. But whatever the unit of import duty would be, you could make your computation on that basis?

Mr. STEELMAN. Most assuredly you could do that.

Senator SMOOT. Is the Payne-Aldrich rate of 25 per cent satisfactory, and the description of the material?

Mr. STEELMAN. The description of the material was very satisfactory, but at the present time with the admission into the country of some $9,000,000 raw material and the exclusion of perhaps $150,000 or $300,000 worth of manufactured materials, it hardly seems a fair proposition.

Senator SMOOT. Under the Payne-Aldrich unmanufactured was 3, the same as under this bill?

Mr. STEELMAN. Yes; but at that time there were very few asbestos plates or shingles imported into the United States. It has only been within the last few years—probably five or six years—that the asbestos shingles have been imported into the United States in any numbers.

Senator SMOOT. You are asking for 10 per cent?

Mr. STEELMAN. We ask you for a flat ad valorem duty of 15 per cent; in other words, that is an increase of 50 per cent over the present duty.

We feel that we should do something in reference to contributing revenue for the operation of the Government, and we think that handicap in itself would be quite ample to give our competitors protection. I hardly think it is necessary, inasmuch as they receive the material free of duty and manufacture their goods out of, to handicap us over 15 per cent.

Senator SMOOT. Foreign or American valuation?

Mr. STEELMAN. Ad valorem. I would say foreign valuation, and I would say that for this reason, that when we get right down to the question of marketing the goods there is much deception practiced here in America, and I presume there is deception practiced abroad. For example, our competitors in this line of work have a plan upon which they market their goods. They go out and establish what is known as a "five-car" buyer. They give him a discount off the list of 33⅓ per cent. I am only mentioning this, gentlemen, to show the intricacies of the American valuation plan. They agree that when he has purchased five carloads of material they will rebate him the difference between 33⅓ off the list and 40 per cent off the list. After he has once purchased five cars, he always remains a buyer at 40 per cent off the list, but on the books of the company the sale goes through at 33⅓ per cent off. That is rather complicated, and it is pretty hard for us to pay a duty on the fictitious American value just the same as it would be on a fictitious foreign value.

So you see it does not make any difference, it seems to me, whether it is American wholesale value that we are figuring on or whether it is our cost value. These things must be determined by Government investigations anyhow, and we have been importing the shingles now for a number of years and we have not had any trouble with the Government. We have never made any false statements or anything of that sort, and we have never been called down for doing something we should not have done.

So, therefore, I would say that our relations in Canada are treating us very fair and that no doubt our American relations are treating us very fair, but at the same time the complication exists just the same; and the reason for a specific duty on an article that you sell by the square, that is just as much the unit in the roofing business as 12 inches is the unit of measure in linear measure—just the same thing exactly. It is known the world over, and why we should turn around and further complicate matters by figuring 155 square feet when all of our lists, all of our prices, all of our talk has been by the square, I can not understand. I do not see the equity in that.

I want to say further that this matter is so complicated as it has been introduced that even Mr. Fordney, who introduced the bill, has made a great many errors. As a matter of fact, to show you just how complicated it is, it was the intention of Mr. Fordney when he framed the bill to provide a duty of 20 per cent ad valorem on the unit basis of 2 cents per square foot, but instead of being 20 per cent ad valorem it runs nearly 40 per cent ad valorem. So that the bill is so complicated that it is very easily misunderstood.

I say that we would be destroying the object of our revenue or tariff laws to provide revenue if we were to insist in putting the bill through as it has been framed. It would be utterly impossible for us to import any materials whatever under the bill as it is proposed. Therefore, not only our business would be destroyed, but the revenue that is now derived from the importation business would be destroyed.

The CHAIRMAN. What does that revenue amount to?

Mr. STEELMAN. In dollars and cents, I can not exactly tell you; but if $100,000 worth of material were brought in at the present time, it would be $10,000.

Senator DILLINGHAM. Does this brief indicate just precisely what changes you desire in text of the bill?

Mr. STEELMAN. I prepared a copy and handed it to Mr. Bramble, which I thought probably would be appended to that. My memorandum contains a suggestion, and it works out in fractions of dollars and cents just exactly what a 50 per cent increase in the duty would amount to.

Senator CURTIS. You better have that printed as a part of your remarks.

Mr. STEELMAN. I will hand a copy of it to the reporter for the record.

BRIEF OF W. E. STEELMAN, WILKES-BARRE, PA.

Colored sheets and plates of asbestos and hydraulic cement, one-eighth to three-sixteenths inch in thickness (known to the trade as asbestos shingles), 15 per cent ad valorem:

Present duty, 95 cents per square of 155 square feet, sufficient to cover 100 square feet roof surface; proposed duty, $1.42½ per square of 155 square feet, sufficient to cover 100 square feet roof surface; increase, 47½ cents; percentage of increase, 50 per cent.

Colored, stained, or mixed with other material (known to the trade as asbestos wall board), 15 per cent ad valorem:

Present duty, 10 per cent, $0.006; proposed duty, 15 per cent, $0.009; increase, $0.003; percentage of increase, 50 per cent.

Wall board is made in one thickness only, namely, three-sixteenths inch.

Sheets and plates of asbestos and hydraulic cements, one-eighth to three-sixteenths inch thickness (known to the trade as asbestos shingles), 15 per cent ad valorem:

Present duty, 10 per cent, 77 cents per square of 155 square feet, sufficient to cover 100 square feet roof surface; proposed duty, 15 per cent, $1.15½ per square of 155 square feet, sufficient to cover 100 square feet roof surface; increase, 38½ cents; percentage of increase, 50 per cent.

SCHEDULE 14—SUNDRIES.

PAR. 1401. Asbestos, manufactures of: Sheets and plates of asbestos and hydraulic cement, flat (known to the trade as asbestos building lumber), varying in thicknesses from one-eighth inch to 1 inch, as per memorandum attached, 15 per cent ad valorem:

Size (inches).	Present duty 10 per cent.	Proposed duty 15 per cent.	Increase.	Percentage of increase.	Size (inches).	Present duty 10 per cent.	Proposed duty 15 per cent.	Increase.	Percentage of increase
⅛	$0.007	$0.0105	$0.0035	50	½	$0.028	$0.042	$0.014	50
3/16	.0105	.01575	.00525	50	9/16	.0315	.04725	.01575	50
¼	.014	.021	.007	50	⅝	.035	.0525	.0175	50
5/16	.0175	.02625	.00875	50	¾	.042	.063	.021	50
⅜	.021	.0315	.0105	50	⅞	.049	.0735	.0245	50
7/16	.0245	.03675	.01225	50	1	.056	.084	.028	50

Other than flat sheets (known to the trade as asbestos corrugated sheathing), 15 per cent ad valorem.

Present duty, 10 per cent, $0.016; proposed duty, 15 per cent, $0.024; increase, $0.008; percentage of increase, 50 per cent.

ASBESTOS YARN.

[Paragraph 1401.]

STATEMENT OF ED. NICHOLSON, REPRESENTING RAYBESTOS CO., BRIDGEPORT, CONN.

Mr. NICHOLSON. I appear simply for the Raybestos Co., of Bridgeport, Conn., and only appear in connection with one clause in the act as it stands; that is the clause which covers the yarn containing more than 10 per cent of foreign matter other than asbestos.

We are really asking the mercy of the committee. The situation is this: There is none of that yarn that is imported into this country by any concern other than the Raybestos Co., at Bridgeport. There is no use for it; under the old law there is no competition. Yarn of that character can be manufactured in this country just as cheaply as it can be manufactured in England.

We are paying, under the old tariff, 68 cents, roughly, a pound for the yarn that we have under contract. We can buy the same yarn in this country for 50 cents. Under the new act we would be compelled to pay about 82 cents a pound when we can buy it in this country for 50 cents. So that there is absolutely no question of competition or of income or anything else.

Senator McCUMBER. Is it of as good quality as that produced in England?

Mr. NICHOLSON. That which is produced in this country is better than that produced in England.

Senator McCUMBER. Then, why do you buy the English material?

Mr. NICHOLSON. I was just going to tell you why. In 1919 there was not a sufficient number of spinning mills to take care of the then requirements for this character of yarn; and to protect ourselves we made a contract in England for 2,000,000 pounds for delivery—1,000,000 pounds during 1920 and 1,000,000 pounds during 1921. Since that time the spinning mills of this country have been increased in volume about 33⅓ per cent, so that the spinning mills here now have a capacity greater than the requirements for this particular yarn. We have waived deliveries under our contract because of conditions in England and because of the fact that we were able to get a sufficient quantity in this country. So that we are under the requirements of completing our contract based on the old tariff price at a cost, if the new tariff goes into effect, of about $360,000 to ourselves, and without affecting any other persons, without there being any of this yarn imported, or that will be imported from any country because of the facilities of our own manufacturers now; so that what we are doing is throwing ourselves on the mercy of the committee to save $360,000 if we can.

All we ask is that the tariff as it exists, which is a prohibitive tariff—20 per cent ad valorem—be retained instead of the tariff being increased 32 cents a pound.

Senator WATSON. Is Raybestos just a corporation name?

Mr. NICHOLSON. Raybestos is the Raybestos brake lining.

Senator WATSON. It refers to some sort of asbestos?

Mr. NICHOLSON. Raybestos is the trade name.

Senator WATSON. I did not know whether it was a trade name or some sort of manufactured asbestos product.

Mr. NICHOLSON. It is a trade name for the automobile brake lining manufactured by that company. There is a sample of our brake lining as it is made before treatment [exhibiting sample to the committee] and there [exhibiting another sample] is a sample after treatment; and there [indicating] are samples of the yarn, both of the English and American finish.

Senator McCUMBER. We are very much obliged to you.

BRIEF OF ED. NICHOLSON, REPRESENTING THE RAYBESTOS CO., BRIDGEPORT, CONN.

The Raybestos Co., of Bridgeport, Conn., is the largest manufacturer in the United States of brake lining, making and selling about 45 per cent of all of the brake lining that is used for automobiles in this country.

During the year 1919 the capacity of the spinning mills in the United States spinning asbestos yarn was limited to an extent such that the requirements of the manufacturers of brake linings and the users of asbestos yarn in this country could not fulfill their requirements by about 33⅓ per cent, so that it became necessary, in order that the Raybestos Co. might fill its contracts for brake lining, to purchase in England. A contract was therefore made in England for 2,000,000 pounds asbestos yarn for delivery during 1920 and 1921.

The contract was for 500,000 pounds at 56 cents per pound delivered in Bridgeport, plus duty, and for 1,500,000 pounds on a sliding scale, the price to be determined by the change in cost of raw material and labor in England. Of the first 500,000 pounds, which were to be delivered in 1920, only about 400,000 pounds have been delivered, leaving 100,000 pounds at 56 cents per pound and 1,500,000 pounds at a graduated price, which, according to the best opinion that can be secured, will be about 50 cents per pound. Because of certain conditions which existed in England, particularly in the labor market, the English company was unable to make deliveries as specified, but the Raybestos Co. has waived the delivery conditions in the contract, so that it is not in a position to claim a breach of the contract on this basis and will be compelled to take the asbestos yarn as delivered.

Under paragraph 367, Schedule N, of the act of October 3, 1913, commonly known as the "Underwood Tariff Act," the tariff on the asbestos yarn in question was 20 per cent ad valorem, which means that the tariff on the yarn at 56 cents per pound would be 11.2 cents per pound, making the cost to the Raybestos Co. 67.2 cents per pound. If the price on the balance of the order, 1,500,000 pounds, is 50 cents per pound, it means that at the present tariff the duty would be 10 cents per pound and the total cost to the Raybestos Co. 60 cents per pound; that is to say, that under the existing tariff the total cost to the Raybestos Co. would be 56 cents per pound on 100,000 pounds, or $56,000, and 50 cents per pound on 1,500,000 pounds, or $750,000, a total of $806,000, on which the duty would be $161,200, or a total cost to the Raybestos Co., including tariff, of $967,200. If the tariff is changed in accordance with the bill that has been proposed and the duty is made 32 cents per pound, it will mean that the cost on 100,000 pounds will be at the rate of 56 plus 32 cents, or 88 cents per pound, and on 1,500,000 pounds the cost will be at the rate of 50 plus 32 cents, or 82 cents per pound, or a total cost, including tariff, of $1,318,000. The total tariff at the new rate will be 32 cents per pound for 1,600,000 pounds, or $512,000, an increase in the cost to the Raybestos Co., due to the tariff, of $350,800.

If the situation with regard to the spinning mills had remained as it was in 1919 the American spinning mills would be in competition with the English spinning mills, and this additional cost would be met by an additional charge for the completed product. On the other hand, the situation has materially changed. The capacity of the spinning mills in the United States has increased about 33⅓ per cent since 1919, so that the present capacity of the spinning mills of this country is sufficient to supply the demand of the users of asbestos yarn. During the year 1919 the Raybestos Co. was paying for yarn in the United States from 75 to 80 cents per pound. England at that time was using a cheaper grade of

yarn. During the year 1920 the spinning mills in this country began to use the cheaper grades of asbestos fiber which was being used in England, and improvements were made in the machines operated in this country, so that the price has been reduced from the 75 to 80 cents figure formerly quoted, the cost of manufacture including all overheads and a profit of 10 cents per pound being very little, if any, over 45–55 cents per pound.

With a 20 per cent duty it is impossible for England to now compete with this country; that is, the 20 per cent duty as contained in the Underwood tariff law is absolutely prohibitive.

Even under the 20 per cent duty there was practically no asbestos yarn of this character imported to the United States, the only importer, as far as can be ascertained, being the Raybestos Co. under the contract above described.

The situation, then, is as follows: Under the existing tariff law the Raybestos Co. will pay as duty on the balance of this contract $161,200. Because of the existence of this contract it will be compelled to pay $350,800 in addition if the new rate of tariff becomes a law. Manufacturing conditions have changed, so that the spinning mills of this country can supply the demand. Cost conditions have changed, so that the yarn can be manufactured as cheaply as it can in England. The 20 per cent tariff therefore prohibits the importation. The 32 per cent tariff can have no effect on American manufacturers, since the Raybestos Co. is committed to purchase the amount under its contract from England. The Raybestos Co. is informed and believes that there is no other contract on the part of any other manufacturer outstanding for the purchase of asbestos yarn in England or in any other foreign country. Therefore, the increase of the tariff will affect no one other than the Raybestos Co., which will be affected because of the existence of this contract, and it will be compelled to pay the additional amount of $350,800 over and above the amount which it should pay, it having contracted under the 20 per cent tariff.

ASBESTOS TEXTILES.

[Paragraph 1401.]

STATEMENT OF W. C. DODGE, JR., REPRESENTING ARGUS ASBESTOS CO. (INC.), PORT CHESTER, N. Y.

Mr. DODGE. Mr. Chairman and gentlemen, my name is W. C. Dodge, jr., representing the Argus Asbestos Co., at Port Chester, N. Y.

I would like to refer you to paragraph 1401, dealing with asbestos textiles, and starting on page 148, line 4. From that point on to the end of the paragraph on asbestos textiles the rates have been changed in the Fordney bill to a specific basis from an ad valorem basis, and the obscureness of the industry and the prices prevailing have enabled an increase to be made, without much notice, of from 100 to 600 per cent over the present Underwood tariff.

In the face of the Underwood tariff, the imports of asbestos products (in textiles) have always been under 1 per cent of the amount of business done in this country; that is to say, the American manufacturers have been able to do 99 per cent of the business here on the Underwood basis, and on the other hand the American manufacturers have been able to export, even up to the last 10 months, ending with August of this year, seven times more goods in value than are imported.

Senator SMOOT (interposing). Are you an importer?

Mr. DODGE. Yes, sir. We import asbestos textiles and probably more than any other concern; and the United States manufacturers are able to export seven times more goods in value than are imported. I speak from this angle because no one has brought up the textile

situation from an importing basis, and my contention is that the present Underwood tariff grants adequate protection to the American manufacturer.

Senator SMOOT. Yes; and I will call your attention to the fact that Mr. Bramble was here and spoke for the importers, and he wanted 10 per cent on imported goods.

Mr. DODGE. That was in connection with flat sheets and not on the textile end.

Senator SMOOT. He spoke of listings containing less than 10 per cent of foreign matter.

Mr. DODGE. Well, sir, I am very pleased that he did, because I did not appreciate that any one had mentioned asbestos textiles.

I would like to give you one example before I close. This [exhibiting sample to the committee] is a piece of asbestos listing, and the present price of the same is about 90 cents per pound.

Senator SMOOT. Is that what you want 10 per cent ad valorem on?

Mr. DODGE. No; on textiles 20 per cent, the present duty. This cost me—the purchase price to-day—importing it from England, for that is the main source of supply, 60 cents, and with the duty of 20 per cent is 72 cents, so that I can add a fair margin, 25 per cent, and meet the competition of the American manufacturer.

Senator SMOOT. You want to cut out all specific duties?

Mr. DODGE. Yes, sir.

Senator SMOOT. And to have a straight ad valorem?

Mr. DODGE. Yes, sir.

Senator SMOOT. On foreign valuation or American valuation?

Mr. DODGE. Well, to-day I appreciate that under depreciation of foreign currency there must be some increase to take care of the foreign exchange, and the American valuation will increase the duty to something like 50 per cent. I am not looking for a minimum duty, but for sufficient protection to protect American labor.

We do manufacture in this country to a limited extent, so that I can speak for the American labor.

Senator SMOOT. This is under the American valuation that you ask 20 per cent?

Mr. DODGE. American valuation would be acceptable; yes.

What I wanted to mention was that the Fordney duty on this listing is 84 cents a pound. So that if the English manufacturer gave it to me, I could not sell it with the duty alone considered.

Senator SMOOT. Under the House bill?

Mr. DODGE. Under the House Fordney bill. I can tell you quite frankly, sir, if the Fordney tariff on asbestos goes through, importations will absolutely cease. I am prepared to go out of business the minute it goes through, if it happens. But with the American valuation on the basis of the Underwood tariff the increase is approximately 50 per cent, and that will certainly take care of the depreciation.

Asbestos fiber comes principally from Canada. Everyone pays the same price, whether in England, Germany, or anywhere else, and the question is largely one of labor, and the labor percentage in the finished product is from 10 to 20 per cent. So that with 20 per cent duty under the Underwood tariff you are taking care of an increase in labor in this country of from 100 to 200 per cent, and I think that that amply takes care of the situation.

IMITATION PEARL BEADS AND NOVELTY JEWELRY.

[Paragraphs 1403 and 1428.]

STATEMENT OF DAVID J. GALLERT, REPRESENTING NOVELTY JEWELERS, NEW YORK, N. Y.

Mr. GALLERT. Mr. Chairman and Senators, I represent 23 of the so-called novelty jewelers, and I am speaking for Mr. Hilborn.

There is a sharp line of distinction in the wholesale jewelry trade between the concerns that sell the department stores, generally speaking, and the concerns who sell the jewelers. Of course, the concerns that sell the department stores sell the cheaper jewelry, and what I have to say relates only to that grade.

I want first to speak about paragraph 1428 of the House bill and ask that the rate thereunder be reduced from 55 per cent to 25 per cent ad valorem.

Senator WATSON. You are an importer?

Mr. GALLERT. As I have stated, the conditions in this trade are very peculiar. Practically all the large houses are not only houses of domestic merchandise but also importers of foreign merchandise. The same people occupy both positions. I should say that the percentage of domestic stuff handled by them is about 80 per cent to 20 per cent of the foreign, although some houses may handle as high as half foreign and half domestic. The reason for that, I think, will develop as I proceed.

Senator WATSON. The manufacturer, then, imports the same jewelry he makes?

Mr. GALLERT. He imports the design in small quantities; puts it on the road. If it "goes" he makes it in this country. The importation is practically only for novelty of design and ideas. The Senator has gathered the whole gist of my argument.

The jewelry industry is so well established that it seems to me no further protection is required. The domestic production in 1914, as given by the census figures, was a trifle over $81,000,000. Under a 60 per cent tariff the domestic production was increased so that in 1919 it was $203,898,000.

You will find that the imports since 1910 average about $1,000,000 a year; the exports averaged slightly inside that. So that you have a production of $204,000,000 in 1919, with imports of $1,000,000 and exports slightly exceeding that. So you will probably ask, "Why bother about such a trifling thing?"

Senator DILLINGHAM. What classes of jewelry are covered by those exports and imports?

Mr. GALLERT. The exports are not divided. The imports, so far as they are concerned, are chiefly small articles—pins, brooches, and the like.

Senator DILLINGHAM. The higher classes?

Mr. GALLERT. I am speaking only of the cheaper grades. But it is of immense importance to the business, because these importations are mainly for design and novelty of ideas. The importer goes over there, finds an article, buys a few gross, puts it on the road. If it "goes" he is soon followed by competitors that not only copy the thing but vary and twist it, and the most surprising thing in

this industry is that while our domestic manufacturers seem not able to conceive the original idea, they have tremendous skill with which they vary and improve on the original idea. Incredible as it may seem, it is not uncommon to have 5,000 articles produced on the base of one European article, while a thousand articles are common.

Senator DILLINGHAM. The New England manufacturers tell me that they do produce original articles, and that the foreigners take those and copy them exactly and put them on the market here.

Mr. GALLERT. My people tell me that it is different.

Senator DILLINGHAM. I simply wanted to draw you out on that.

Mr. GALLERT. In fact, I know of one factory employing anywhere from 40 to 100 men that has been running for years on simply variation of one European article, and it has been so successful that a second factory has been built for the manufacture of that same article. You can easily see that with a production of $204,000,000 domestic and with imports of $1,000,000 that the importation is really not a commercial business.

Senator DILLINGHAM. I want to ask you one question right there: You say that the importations were equal to the exports?

Mr. GALLERT. Average through the years since 1910.

Senator DILLINGHAM. But most of them are brought over as samples?

Mr. GALLERT. No; we bring over small quantities. It will not do to bring over simply samples, Senator, because the important question is not what Mr. Merchant or Mr. Importer thinks about it; it is simply a matter of taste; you are appealing to the taste of millions of the women of America, and no man was ever born who could tell what will suit them; and in the cheaper grades it is the taste of the shop girl and factory girl that must be suited, and the only way to do that is to take these small quantities and put them out on the road, and only when we learn what the shop and factory girls in Detroit, St. Louis, and New Bedford think about it can the American factory go to work.

Senator DILLINGHAM. What proportion does that class of importation bear to the standard goods that are not brought in here as samples?

Mr. GALLERT. I understand that in our grade, Senator, that is the main importation—practically all of it.

Mr. Rosenberger, you can answer that question better than I can. What proportion does importation for novelty of idea or design bear to the entire importations in your line?

Mr. ROSENBERGER. That is very hard to answer. I should think that the minority are imported for design. But there are a great many goods which are being manufactured in our factory. We are also manufacturers, and we import a great deal of merchandise and copy them in our own factory, and are able in some cases to produce it cheaper than the foreign goods and make them better.

Senator DILLINGHAM. Where are your factories?

Mr. ROSENBERGER. In Providence, R. I.

Mr. GALLERT. I was simply going to say that now, inasmuch as this industry has prospered under 60 per cent rate on foreign valuation, it would seem to be the logical rate to continue, but inasmuch as these importations are mainly for design we can stand any rate

that is not prohibitive. The question is, "What is a prohibitive rate?"

The House bill carries 55 per cent on American valuation.

It is necessary, as I understand it, for the people in this business to make about 35 per cent profit. As I have said, it is entirely a novelty business. Some novelties go and more do not go, and of course the things that go have to carry the cost of the things that do not go.

I will give you figures, and your experts can check me. Fifty-five per cent American valuation based on a profit of 35 per cent is something like 500 per cent or over on the foreign valuation, and that, of course, is prohibitive.

Senator WATSON. Where do these imports come from largely?

Mr. GALLERT. The imports of jewelry come largely from Czechoslovakia.

Senator WATSON. At the present time?

Mr. GALLERT. At the present time. Some, however, come from France and a few from Germany, but the biggest part of them come from Czechoslovakia.

Senator WATSON. Are they increasing?

Mr. GALLERT. I can only give you the official figures. In 1919 they were over $700,000; in 1920 they were $1,300,000, but in 1910 and 1911 they were larger than that.

Senator WATSON. What have they been for the last 10 months?

Mr. GALLERT. The imports for May, 1921, were $57,000.

Senator WATSON. For the 10 months they were $1,018,000.

Mr. GALLERT. I find that in 1910 they were $1,992,000, and in 1911 they ran about $1,869,000, and then run down.

Senator CALDER. The cost of those articles to you is greater now than in 1911 and 1912?

Mr. GALLERT. Oh, yes; it has gone up.

Senator CALDER. The cost of producing is greater, is it not?

Mr. GALLERT. Of the amount imported or stuff produced?

Senator CALDER. Stuff imported?

Mr. GALLERT. Mr. Rosenberger can answer that.

Senator CALDER. The cost to you in dollars and cents is as great as in 1911 and 1912?

Mr. ROSENBERGER. Yes; it is.

Senator CALDER. How much greater?

Mr. ROSENBERGER. It varies; our line is entirely a line of fads and fancies. There is no stability to our prices.

Senator CALDER. Would you say that the cost to you of imported goods would be as much as double what it was before the war?

Mr. ROSENBERGER. In dollars and cents—no; I do not. It is about equal. But that is also controlled by the foreign exchange; for instance, we bought a year and a half ago merchandise at 1 cent Czechoslovakia kronen. When the merchandise was ready to be shipped we found that the kronen had gone up to 2½ cents, and it naturally cost us almost three times the amount of the original purchase. It is very hard to state exactly what Czechoslovakia goods or German goods or French goods would cost us. In one week it may change 35 to 40 per cent—the cost of our imports.

Senator WATSON. Do you manufacture more than you import?

Mr. ROSENBERGER. Our business is divided about half and half.

Senator WATSON. And you want the tariff lowered, do you, below the existing rate, so that you can import more?

Mr. ROSENBERGER. No; I want a fair tariff.

Senator WATSON. But still, you are asking that it be lowered?

Mr. ROSENBERGER. I am not asking for anything lower than 60 per cent on foreign valuation, and I even would be satisfied to frankly say—I am not an attorney, and I speak frankly—but I think that we could stand 85 per cent on the foreign valuation and still continue to do business. Our business would be handicapped to a certain extent, however.

Senator WATSON. That is, the importing business would be?

Mr. ROSENBERGER. The importing business would be.

Senator WATSON. Would your American manufacturing interests be handicapped by that per cent?

Mr. ROSENBERGER. I do not think so. We would be hampered by not getting the ideas and the different designs from Europe, which is a great help to our business, and any further increase would almost stop importation.

Senator MCCUMBER. Are the European people noted for having greater ability of originality than the American people in the matter of jewelry production?

Mr. ROSENBERGER. Yes, sir; they are.

Senator MCCUMBER. There appeared before me the other day those who indicated to me that in this cheaper line of jewelry the American designs were the ones that were being copied in Europe and imitated and imported at a half or one-third of the price; especially was this true in the matter of low prices—cheap jewelry. You think they are mistaken?

Mr. ROSENBERGER. I do. Some American articles are copied abroad, but we copy more.

Senator MCCUMBER. You think that we are followers and not originators of designs in jewelry?

Mr. ROSENBERGER. We are the followers and not the originators.

Senator MCCUMBER. And that is true of the cheaper, lower character of goods?

Mr. ROSENBERGER. The lower character of merchandise.

Senator MCCUMBER. There seems to be a difference of opinion among good American citizens on that.

Mr. GALLERT. I might say in reference to that that Mr. Rosenberger is the head of one of the largest houses in the trade, and if it would have any bearing on the fact, I can file any proof that the committee desires as to the opinion of the people in the trade on that particular point.

In view of what Mr. Rosenberger has said, then, we think that the duty should not be increased over 85 per cent foreign valuation or its equivalent in American valuation, reckoning on a profit of 35 per cent, which I am assured is necessary in this business. The equivalent of 85 per cent on foreign valuation is 30 per cent, as we calculate. We think that should be the limit, especially in view of the fact that before the Ways and Means Committee the New England domestic manufacturers asked for 85 per cent, and we feel that if you give them 85 per cent on foreign valuation you would be giving them the equivalent in American valuation by 30 per cent, based on 35 per cent profit.

Senator CALDER. Is that 35 per cent profit on what the goods cost you?

Mr. GALLERT. No; that is on the selling price. There are so many more novelties that do not go than there are novelties which do go, that the novelties which do go have to carry the expense of those that do not; because if a novelty does not go it is not worth anything, and the business carries a very high overhead expense on that account.

I want to speak about paragraph 1403 of the House bill, relating to beads. The first clause of 1403 covers beads generally.

Senator CURTIS. Before you leave that other subject, is there not a class of these pins [referring to samples of jewelry exhibited to the committee] made in Czechoslovakia in the homes where they use a special glass that we do not make in this country?

Mr. GALLERT. That refers to the beads I am going to refer to now.

Senator CURTIS. But these are glass imitations, cut in diamond shapes, little pieces of glass which we do not have here?

Mr. GALLERT. I was just going to refer to that under the heading of beads. The first clause of this provides for 25 per cent on beads generally.

I want to call the committee's attention to the fact that beads have a tremendous use in American industry. They are used to a tremendous extent in the diamond trade, in the shoe trade, where they are sewed on slippers, and in the millinery trade.

The American manufacturers asked for a combination before the House of specific and ad valorem duty. The House rejected it and reported this 25 per cent.

I want to call the attention of the committee to the fact that the specific duties, of course, bear heavier on the cheaper beads which are used in the industries. A bead such as this [exhibiting sample] which costs $1.35 abroad for 120,000 of them—these are the beads that are made by the peasants in the mountains of Czechoslovakia and in Italy. They are made in the wintertime when they are cut off from communication during their spare time. In fact, I am told if we want beads made at any other time we will have to pay a larger price, because they can then employ their time more profitably in the fields. They are not made in this country. They never have been made here, and we do not believe ever will be, because American labor can be better employed. But their very cheapness enables them to be used on cheap dresses and cheap shoes, etc.

The House bill by reporting 25 per cent ad valorem does raise the duty, we think, reckoning on 35 per cent profit, to 60 per cent. That is going to curtail us somewhat, but it is not going to seriously hamper the business. We would really like to have that clause kept as it is, but we particularly want to request the committee not to add any specific duty relating to these beads, because the specific duty requested by the American manufacturers worked out on this basis would amount to some 10,000 per cent on foreign valuation, and I do not know what on American valuation, and would throw out of employment the thousands of people now employed in utilizing these goods. That clause as it stands we can exist under without much serious injury to the business. It will curtail us somewhat, but not seriously.

But I particularly want to speak about pearl beads, the third clause of section 1403, which are put at 40 per cent ad valorem. Reckoning

on 35 per cent profit, gentlemen, we make 40 per cent ad valorem equivalent 160 per cent on foreign valuation, which is absolutely prohibitive, I am told. If you impose that, you are simply going to prevent us importing any pearl beads. If you want to do that, we have nothing to say, but that is the effect of it.

Senator CURTIS. Where do the pearl beads come from?

Mr. GALLERT. They come 95 per cent from France.

Senator CURTIS. Do none come from China or Japan?

Mr. ROSENBERGER. Some come from Japan.

Mr. GALLERT. While before the Ways and Means Committee the American manufacturers asked for a combination. They said, "In all the requests that we make the combined duty we ask for is under 60 per cent ad valorem," reading from page 3012 of Tariff Information, 1921. The equivalent of 60 per cent on foreign valuation based on 35 per cent profit we figure to be 25 per cent American valuation, and we feel that if you give the manufacturer of American beads that protection you are giving him all that he asks, and you are not putting us out of business, whereas 160 does put us out of business.

Just one point more: In this same hearing before the Ways and Means Committee, when the American manufacturer asked this protection, he called attention to the fact that pearl beads are of three kinds:

First, the solid bead, which is coated on the outside with the essence of pearl—solid glass, commonly known as the indestructible; that is made both in this country and abroad.

Second, hollow beads, which is hollow on the inside and coated inside. That is not made in this country at all.

Third, the wax-filled bead, which is a hollow bead with a coating of wax inside of it. That is not made in this country at all.

The American manufacturers before the House committee requested a separate classification, and that the indestructible bead which they make should be classed separately. We agree to that and to raising the duty thereon to 60 per cent. Of course, raising the duty to 60 per cent is going to curtail sales and hurt our business materially. But if they want that, all right; let them have it. But do not give them more than the equivalent of it, if you have American valuation, namely, 25 per cent. But they certainly do not need it on hollow beads and the wax-filled beads which they do not make at all; and we join in the request that they made to the Ways and Means Committee to have a separate classification, and on the hollow and wax-filled beads which they do not make we ask that the rate remain the same as it has been, namely, 35 per cent, which has been the rate since 1904; anyway, it was retained both in the Underwood and the Payne bills.

Senator MCLEAN. Are all these beads used for the same purpose?

Mr. GALLERT. Not necessarily. The hollow beads are cheaper. The wax-filled and the solid are used very much for the same purposes, but they are recognized in the trade as absolutely distinct articles. You can perhaps supplement that, Mr. Rosenberger. The Senator wants to know if hollow beads, wax, and indestructible are used for the same purpose.

Senator MCLEAN. My question is, Would the article which the importer imports displace the article made in this country?

Mr. GALLERT. That would be true to a certain extent, if not largely, as I understand it, between the wax filled and the solid. But the hollow bead is the cheaper bead. While it might be made better, it is, as a matter of fact, cheaper and it is used for cheaper purposes. Therefore we think the rate on that should remain at 35 per cent foreign valuation, or its equivalent in American valuation, which works out about 17 per cent.

May I file a brief next week?

Senator MCCUMBER. Yes.

Mr. GALLERT. Thank you.

BRIEF OF DAVID J. GALLERT, NEW YORK CITY, REPRESENTING IMPORTERS, JOBBERS, AND MANUFACTURERS OF BEADS AND NOVELTY JEWELRY.

PEARL BEADS.

We request that the third clause of paragraph 1403, to wit, lines 12, 13, and 14, on page 149 of H. R. 7456, be changed to read as follows:

"Imitation pearl beads made of solid glass, commonly known as indestructible, pierced or unpierced, strung or loose, mounted or unmounted, 25 per cent ad valorem. All other imitation pearl beads of all kinds and shapes, of whatever material composed, pierced or unpierced, strung or loose, mounted or unmounted, 17 per cent ad valorem."

Before the Ways and Means Committee the American manufacturers of pearl beads used the following language: "In all of the requests the combined duty we ask for is under 60 per cent ad valorem." (1921 Ways and Means Hearing, p. 3094.)

But the fact is, astonishing as it seems, that although the domestic manufacturers only asked for 60 per cent ad valorem on foreign valuation (because at that time no one had any idea of American valuation), nevertheless the Fordney bill gives them 40 per cent on American valuation, which based on a 35 per cent profit is the equivalent of 160 per cent on foreign valuation. Even if we reckon on a 25 per cent profit, the equivalent of 40 per cent on foreign valuation is approximately 118 per cent on American valuation.

The following is a quotation from the brief filed with the Committee on Ways and Means of the House when it was holding tariff hearings by the American manufacturers of imitation pearls:

"IV. *Imitation of pearl beads.*—There are three different varieties of imitation pearl beads: (1) The cheap, hollow pearl bead, which is a hollow glass bead with a coating of pearl essence on the inside; (2) the pearl bead made from a hollow glass bead with coating of pearl essence on the inside and filled with wax; (3) a bead made from a solid bead of fusible enamel and then coated on the outside, the amount of the coating making the quality. The third variety is an American development. It is now being copied extensively in Germany, Japan, and other countries and sent to this country at a price with which American manufacturers can not compete without the proper and sufficient rate of duty. It is this glass or imitation pearl bead with which our industry is concerned, and in the making of which product it employs more than 5,000 persons, of whom two-thirds are men.

"The phraseology of the tariff act should be changed so as to read: 'Imitation pearls, solid, indestructible, oriental; ball-olive and odd or baroque shapes; mounted or unmounted, strung or loose.'

"Such descriptive classification is necessary in order to give proper duty to the solid imitation pearl beads, in which variety alone this association is interested. The classification that we ask would prevent articles of this characterization being classed under other heads at lower rates of duty and, in our judgment, is the only way in which to insure to the American solid-bead product proper tariff duty in the customs law. It will end tariff controversies that under the present phraseology are constantly being waged."

As importers of imitation pearls, we agree with the manufacturers there are three distinct kinds of imitation pearl beads: First, hollow beads; second, wax-filled beads; third, solid or indestructible beads.

The only variety made in this country is the third—solid or indestructible beads. It is, therefore, the only kind of pearl bead for which there is need of any protection at all. The duty on all other kinds of beads is a pure revenue duty. Since both the manufacturers and the importers agree that this particular kind of pearl bead should be separately classified, it is submitted that this committee should adopt their sug-

gestions and separately classify the bead for which protection is claimed and beads for which no protection is asked or needed, because none are made in this country.

Regarding the rate: The domestic manufacturers asked for a combination of duties, which however, they said would "aggregate less than 60 per cent." (Ways and Means Hearings, 1921, p. 3012.) Of course, the 60 per cent the domestic manufacturers asked for is on the basis of foreign valuation. The equivalent of that in American valuation based on a 35 per cent profit is 25 per cent, and, therefore, that is a duty giving the American manufacturer all that he asked for, and it must be presumed that he asked for all that he needed, and, therefore, the rate on imitation pearl beads should be 60 per cent ad valorem on foreign valuation or 25 per cent on American valuation. (Even on a 25 per cent profit, the equivalent of 60 per cent on foreign valuation is 29 per cent on American valuation.) You will give the domestic manufacturer all he asked for if you provide for 60 per cent on foreign valuation or 25 per cent on American valuation.

The rate as it stands, 160 per cent, or even 118 per cent, is absolutely prohibitive. If the committee adopts this rate, it will not be giving American manufacturers a duty compensatory to the cost of manufacture, but it will be giving the American manufacturers an absolute monopoly. Such a rate is an absolutely prohibitive one. Such a rate would be building a Chinese wall around this country so far as pearl beads are concerned and disturb a large established industry in New York founded on the importation of foreign pearl beads, and may even interfere with our relations with France, whence most of the beads come.

Unless the Senate desires to make the importation of this class of beads absolutely impossible, the rate must be reduced from 40 per cent on American valuation imposed by the Fordney bill. If it is to be reduced, it would seem to be giving the manufacturer all possible leeway if you give him all that he asked for before the Ways and Means Committee, to wit, 60 per cent on foreign valuation or its equivalent in domestic valuation.

In fixing this rate on American valuation the committee should bear in mind that this is an article dependent purely upon whim, taste, and fashion, and that in such a business experience has shown that a profit of 35 per cent is necessary, and that, therefore, the rate on indestructible pearl beads, if American valuation is adopted, should be 25 per cent.

Regarding the hollow and wax-filled beads, the rate on these beads has been 35 per cent on foreign valuation ever since the act of 1894. This was one of the few articles on which the rate of the Payne bill and the Underwood bill were the same. When both of these acts left unchanged a prior duty, and when such duty is producing a satisfactory revenue, it would seem as if these rates should be left undisturbed, unless good reason is shown for disturbing them. No reason is shown for disturbing the rates on hollow or wax-filled beads. They are admittedly not made in the United States. The American manufacturers are only interested in the solid or indestructible beads or imitation stones.

Obviously, therefore, an increase in the rate on these articles, not made in this country, would disturb the present business relations in regard thereto, without doing any benefit. It is a revenue duty pure and simple, and any increase of price will decrease the market, particularly in view of the fact that many of these beads are used as raw material for manufacturing domestic articles.

The rate, therefore, on all other imitation pearl beads (to wit, those not solid or indestructible) should be 35 per cent on foreign valuation or its equivalent on American valuation, which on a 35 per cent gross profit is 17 per cent.

NOVELTY JEWELRY.

We respectfully ask that the rate imposed in paragraph 1428 of the Fordney bill be changed to 25 per cent ad valorem.

The rate of the Fordney bill is 55 per cent on American valuation. The surprising thing at once manifest is that while the domestic manufacture before the Committee on Ways and Means asked only for 85 per cent on foreign valuation (1921 Ways and Means Hearings, p. 3331), and which must, therefore, be assumed to be at least ample for the needs of the American manufacturer, nevertheless the Fordney bill gives them 55 per cent on American valuation, which is the equivalent of 550 per cent on foreign valuation.

There is a sharp division in the jewelry trade, which may be roughly described as the line between the houses which sell the department stores and the houses which sell the jewelry stores. We represent the houses which sell the department stores, and naturally our goods are very much cheaper.

A peculiar condition in this trade is the fact that all of the large houses are not only importers of foreign merchandise, but they are also either directly or indirectly manufacturers of domestic jewelry, and while it is practically impossible to ascertain the exact percentage of the foreign business, the domestic business of these houses, taken as a whole, is considerably more than four-fifths of their entire business. Therefore, we feel that there should be no doubt in the minds of this committee that no suggestion of ours is made with any idea of prejudicing domestic manufacture, since it is overwhelmingly to our interest to foster domestic manufacturing of jewelry in every way.

The domestic manufacture of cheaper jewelry is certainly well established. In 1914, according to the United States Census, the domestic manufacture of all jewelry amounted to $81,000,000. The next census was that of 1920, covering the year 1919. The Census Bureau has been kind enough to furnish us with advance figures, which show that the domestic manufacture of jewelry, under a tariff of 60 per cent of the foreign valuation, had grown from said $81,000,000 in 1914 to practically $204,000,000 in 1919, the exact figures being, as given to me by the Census Bureau, $203,898,000.

The imports of all jewelry were in round figures: In 1910, $1,592,000; 1911, $1,869,000; 1912, $1,144,000; 1913, $998,000; 1914, $1,082,000; dropping under war conditions to $537,000 in 1916; $362,000 in 1917; $325,000 in 1918; but rising in 1919 to $748,000; and in 1920 to $1,336,000.

But, on the other hand, the exports of domestic jewelry were: In 1910, $1,444,000; 1911, $1,882,000; 1912, $1,850,000; 1913, $1,893,000; 1914, $1,432,000; 1915, $933,000; 1916, $1,694,000; 1917, $1,783,000; 1918, $1,519,000; 1919, $12,369,000; 1920, $815,000.

So that we can roughly say that we have a production here of $200,000,000 of manufactured jewelry; that the average normal imports of jewelry will average about a million dollars, and that under normal conditions the average annual exports would equal or exceed the imports.

The conclusion seems clear that a duty of 60 per cent on foreign valuation is sufficient for this industry. The equivalent of it on American valuation is 24 per cent. Therefore there is no justification for imposing a duty greater than 60 per cent on foreign valuation or 24 per cent on American valuation. Much less is there any justification, when the manufacturers asked for only 85 per cent on foreign valuation, the equivalent of which is 30 per cent on American valuation, for giving them 55 per cent on American valuation, the equivalent of which is 550 per cent on foreign valuation, reckoning a 35 per cent profit on selling, or the equivalent of 275 per cent, reckoning a profit of 25 per cent on selling.

But it may be asked "Why are you taking all this trouble about a million dollars worth of imports when your domestic production is $200,000,000? Your imports are too infinitesimal in comparison to bother about." It is true that in amount the imports are infinitesimal, but they are of overwhelming importance to the trade for this reason:

The prosperity of the business depends upon successfully appealing to the tastes of the women of America. When it comes to the actual manufacturing, the domestic manufacturers (located principally in Providence and in Attleboro) excel the entire world. But for some reason the domestic manufacturers do not seem to be able to bring out the new ideas in the trade. The imports are practically only for the sake of ideas and designs. As soon as the article is imported if it proves popular it is immediately copied in this country, and not only copied but variations of it are made.

An importer putting on sale a European novelty never expects to get more than one season out of it, and as a matter of fact, long before the season has expired not only do his competitors have this article made in this country, but they have innumerable variations and improvements on it. The surprising thing is the skill and facility with which our manufacturers, though apparently unable to conceive and bring out the original idea, can adapt and twist the European idea into as many shapes and forms.

It is a usual thing to see a thousand American articles made as the result of the importation of one European article, and, incredible as it may seem, the production of 5,000 articles based upon one European article is not uncommon. As a matter of fact, I know of one entire factory employing from 40 to 100 people that has been running for years simply on the variations of one European article, and not only that, but this factory has been so successful that a second factory has been opened in the same town to manufacture the same line of merchandise, all based on this one European article.

Our conclusion is that the imports of this cheaper grade of jewelry not only does not injure the American production thereof, but, on the contrary, by furnishing the inspiration and stimulus therefor actually encourages and fosters it.

We have not the slightest desire to oppose a high tariff on this grade of jewelry, but we do ask this committee not to place on this particular grade of jewelry a tariff that will be so high as to prohibit these importations for designs and ideas, for the imposition of such a tariff would prove a boomerang, as it would cut off from the American

manufacturers the principal means which they have at present of successfully appealing to the tastes of their public, and without this appeal I need not say the cheaper jewelry would not be sold.

But the question has probably occurred to some member of the committee: If the importation of novelty jewelry is only or mainly for novelty of idea and design, why will any rate, even a prohibitive rate, make any substantial difference? If the rate is prohibitive, the importer will not, of course, bring over gross lots or 5-gross lots, but he will in his capacity as American manufacturer buy a single article or bring drawings and specifications of the European article without bringing over even the article itself. This theory looks very well on the surface, but it will not work in practice.

The essence of the whole matter is that the foundation of the business is appealing to the feminine taste. No one can tell in advance what will or will not successfully appeal. Moreover, what will appeal this year will not appeal next year, and vice versa. The essential and important thing is not what either the New York importer or the New England manufacturer likes or thinks will appeal, but what the shop girl of Detroit, the factory girl of New Bedford, or the waitress of Skowhegan likes. Until and unless this is proved the American manufacturer can not go to the expense of making the dies which are necessary in the production of this article. He can not afford to take this gamble, because every case will be a gamble pure and simple. The only way in which this can be tested out is to have the importer bring over small lots and put them out through the trade. If the article proves popular, the American manufacturer copies it, varies from it, and improves upon it. If the article does not go, the importer stands the loss.

The fact that only a minority of the jewelry imported is copied does not lessen the weight of the above.

Mr. Rosenberger truly stated in substance at the hearing that only a minority of the merchandise imported was copied. This is, of course, true, because only the articles that prove popular are copied. More articles are imported and submitted to the trade that do not sell in large quantities than that do sell in large quantities. Consequently only a minority of the articles imported are copied, but the fact remains that these importations are made for the purpose of ideas, styles, and designs, and that without this trial no one could tell what styles would go, and the fact that a majority of the articles imported do not prove successful does not in any way avoid the necessity for making such importations.

The situation is very well summarized by the colloquy that took place when Mr. J. Weiner, of Weiner Bros., representing one of the largest houses in the trade, was testifying before the Ways and Means Committee:

"Mr. CRISP. You want American industry protected, yet you want the rates so as to make it a competitive tariff?

"Mr. WEINER. Well, we need foreign goods, and I will tell you why: because the styles come from over there."

(1921 Ways and Means hearings, page 3325.)

That the importation is mainly for this purpose is shown by the fact that as against a $204,000,000 domestic production we have an average importation during a series of years of approximately a million dollars only, and in fact the very year when the production reached approximately $204,000,000, importation amounted to only $748,000.

The fact that Europeans do a little copying from us is immaterial, because there is absolutely no question that the great bulk of the copying is done by Americans from Europeans.

The only question that remains, therefore, is what rate will be so high as to prohibit this importation. It is clear that 60 per cent on foreign valuation does not prohibit this importation, because under this rate we have imported sufficient to answer all our purposes. At the same time it is equally clear that this rate does not prejudice in any way the American manufacturer, because while this rate was on the American production increased from $81,000,000 to $204,000,000, and the $204,000,000 was in 1919, not a war year.

Therefore, it would seem that a rate that has worked as well as this rate has should be preserved and that the rate should either be 60 per cent on foreign valuation or if based on American valuation a rate which is equivalent thereto. Twenty-eight per cent on American valuation is equivalent to 60 per cent on foreign valuation, allowing the importer a profit of 25 per cent; but the consensus of the trade is that it is absolutely impossible for it to do business on the basis of a 25 per cent gross profit. The overhead expenses are large. Buyers are constantly traveling in Europe searching the Euro-

pean market for novelties to bring to this country and which the importer tries out. Where such novelties appeal to the tastes of the American women, they are copied and improved upon by the domestic manufacturers, who reap the profit thereof, but where they do not appeal the importer must stand the loss.

Again, this committee must bear in mind that this is entirely a novelty business; that is, a business appealing entirely to whim and fashion, and that the man is not yet born who can successfully tell how an article of adornment will appeal to the average woman. As a result, many articles are imported which do not sell (Mr. Rosenberger says a majority of them) and which prove to be either an entire loss to the importer or a tremendous loss to the importer. The novelties that do sell, it will be apparent, must bear the loss of those that do not sell, and the people in the trade assure me that 35 per cent of their selling price is as low a gross profit as they can exist on, and 24 per cent on American valuation is approximately equivalent to 60 per cent on foreign valuation, if a gross profit of 35 per cent is allowed to the importer. That, we submit, is the rate which this committee should recommend—either that the 60 per cent rate, which has worked so satisfactorily, should be retained, viz, if foreign valuation is adopted the rate should be 60 per cent ad valorem, or if American valuation is adopted that the rate should be 24 per cent ad valorem.

The Fordney bill provides for 55 per cent on American valuation. That, of course, it is self-evident, is so excessive as to absolutely prohibit this business.

On this basis you would have the following figures: Foreign cost, $1; duty, $2.75; profit, 25 per cent on selling $1.25, one-third on cost; selling price, $5.

Therefore, on the basis of importers making a profit of 25 per cent you have a duty of 275 per cent, which, on its face, is so excessive as to prohibit the business, and will not only have a bad effect on the American business, as we have heretofore shown, but in addition will deprive the Government of its $600,000 or more revenue which it is annually receiving from this trade.

But this is not the worst of it. As we have heretofore shown, the importer can not do business on a 25 per cent profit, and if we reckon this on the basis of a profit of 25 per cent we have the following figures: Foreign cost, $1; duty, $5.50; importer's profit, $3.50; selling price, $10; or a duty of approximately 550 per cent, which, it is self-evident, would absolutely prohibit this business, whereas the rate of 24 per cent on American valuation will keep it in its present flourishing condition.

Moreover, at the hearing before the Ways and Means Committee of the House the domestic manufacturers put in a brief, and all the duty that they asked for was 85 per cent of foreign valuation. (1921, Ways and Means hearings, p. 3321.) It is human nature, or wise human nature, to ask for more than you expect to get and for more than you really want, and undoubtedly when they asked for 85 per cent the domestic manufacturers asked for more than they needed, but in any event they certainly asked for all they needed.

The equivalent on American valuation of an 85 per cent duty on foreign valuation based on a profit of 35 per cent (which we have heretofore shown is necessary) is 30 per cent. This is all the domestic manufacturers ask for. Why give them 55 per cent when they only ask for 30? Even if the duty is reckoned on the basis of the importers making a profit of 25 per cent, the equivalent rate under American valuation is only approximately 34 per cent. Why, when under any possible theory 34 per cent is the maximum of what the American manufacturer asks, should he be given 55 per cent, and this important industry of New York be put out of business and the Government deprived of $600,000 or more a year of revenue?

The proper rate on jewelry on foreign valuation is 60 per cent ad valorem or on American valuation 24 or 25 per cent ad valorem, and in no event should it exceed 85 per cent on foreign valuation or 30 per cent on American valuation.

(Indorsed by Wiener Bros., Lippmann, Spier & Hahn, D. Lisner & Co., Cohen & Rosenberger, Samstag & Hilder Bros., A. Steinhardt & Bro., Ben Felsenthal & Co. (Inc.), Royal Jewelry Mfg. Co., Wm. E. Flory & Co., Fred & Ben Lewenthal Co., M. Guggenheim (Inc.), W. Reichert & Co., Emerich & Schorsch, Jules Schwab & Co., L. Mendelson Co., Lewy & Co., Guthman Solomons Co., H. Wolf & Co., L. Heller & Son (Inc.), Royal Jewelry Co., Wertheimer, Plehn & Levy (Inc.), F. Hoffman & Co., A. Miltenberg & Co.)

IMITATION PEARLS AND FUSIBLE ENAMELS.

[Paragraphs 1403, 1411, 1429, and 1444.]

STATEMENT OF E. M. JOHNSON, REPRESENTING AMERICAN MANUFACTURERS OF IMITATION PEARLS AND FUSIBLE ENAMELS, NEW YORK, N. Y.

Senator McCUMBER. Mr. Johnson, you speak for Mr. Berger?

Mr. JOHNSON. I speak for Mr. Berger. I represent the American Manufacturers of Imitation Pearls and Fusible Enamels, especially fusible enamels.

I am a manufacturer myself and a member of the association for which I speak, and I have here a statement, and I think I can save time by following it somewhat closely.

Senator McCUMBER. You are a manufacturer of pearls?

Mr. JOHNSON. Yes.

Senator McCUMBER. Do you import also?

Mr. JOHNSON. Yes, sir. The Association of American Manufacturers of Imitation Pearls and Specialties in Fusible Enamels asks the Committee on Finance the protection of a tariff duty that will enable this American industry to live and enjoy the great development in this country that is possible for it.

It is one of those industries which the war really created. Because of industrial conditions abroad, our industry was enabled to lay a foundation and secure a foothold. It can not retain either unless proper tariff protection is given. The rates given to similar products under the Payne-Aldrich law afford no criterion as to what the new rates should be. At the time of the passage of that law there was no such industry in the United States to protect, consequently no appeal or representations were made in its behalf.

The production of this industry now amounts to a value of over $6,000,000 a year, in comparison with a production of half a million dollars in 1914. We consider that an industry that has grown to that extent in a seven-year period shows both stability and possibilities that deserve recognition and protection.

The products of this American industry is the product of skilled labor, of labor that requires previous training and receives the high wages that goes with such knowledge and quality. The labor cost of our product is over 75 per cent of its total production cost. This fact is what makes necessary the imposition of a high duty on similar products from abroad, made by the cheap labor of the nations that are our competitors. One of the factors with which we are compelled to contend is that these products made abroad are largely the work of children and that the industry there is what is known as a cottage industry. There is more involved in the continuance and development of this industry in the United States than can be measured by the value of our direct manufactured products. In addition to the value of our direct manufactured products there is the need of additional American production created by our activities, such as fusible enamels, chemicals, fish products, special lacquers, wire, brass, steel equipment and tools, dies and machines scientifically constructed, besides boxes, clasps, and other accessories for the completion of our

products before they are ready for the purchasing citizen. Protection to this industry therefore is a protection to all of these different lines of work.

Paragraphs of the bill as passed by the House in which this association is directly interested are 350, 1403, 1411, and 1429. The products of the different members of the association fall under all of these different paragraphs. We have no change to ask in any of them with the exception of 1429. Both in phraseology and in rates we consider that the situation was covered with perfect fairness in the House bill. After years of constant controversy, a controversy waged before both officials and courts, paragraphs relating to imitation pearls were put in language in conformity to trade usage and court decisions. We submit that a change in such phraseology would reopen old controversies and stir up again old litigation. The rates of duty as given in these paragraphs seem to us to be just and equitable. If the system of assessment of ad valorem duties should be changed by this committee, we ask, of course, that the rates of duty given in these paragraphs be so translated into other terms as to give us the same amount of protection.

In connection with paragraph 1429 we suggest certain changes in its phraseology, so that the paragraph will read as follows:

Imitation precious stones, cut or faceted, imitation semiprecious stones, faceted, imitation half pearls and hollow or filled pearls of all shapes, without hole or with hole partly through only, 20 per centum ad valorem; imitation precious stones, not cut or faceted, imitation semiprecious stones not faceted, imitation jet buttons, but polished or faceted; imitation solid pearls wholly or partly pierced, mounted or unmounted, 40 per centum ad valorem.

We wish to state in this connection that in the recent shaping of this paragraph importers and American manufacturers are agreed. Under the reading as it passed the House there is complication injurious alike to the importer and to the domestic manufacturer, which will be eliminated by rewriting the paragraph as we suggest.

We wish to call to the attention of the committee in this connection the fact that there is a contradiction between paragraphs 1429 and 1403. Similar articles, or at least articles which should have the protection of the same rate of duty, have two different rates, 40 per cent ad valorem in paragraph 1403 and 45 per cent ad valorem in paragraph 1429. We suggest that this contradiction be eliminated and that the 45 per cent in paragraph 1429 be made 40 per cent. What we desire is to have the new law containing paragraphs concerning our products clear of understanding, lacking all contradiction, and containing only such protective rates as the industry absolutely needs and requires. We are frank enough to call your attention to this matter, although by so doing we will lose an extra amount of duty.

Senator WATSON. You spoke of 1429, but you did not tell us what you thought the rate ought to be.

Mr. JOHNSON. Forty per cent. That is the change we wish made, because it conflicts with another paragraph, so that there will be no ambiguity and no contradiction.

We feel that it is necessary to call to your attention a paragraph of the bill as it passed the House which in our judgment can open

the door to serious trouble for us. This is paragraph 1444. It provides:

Rosaries, chaplets, and similar articles of religious devotion, of whatever material composed, valued at not more than $1.25 per dozen, 15 per centum ad valorem; valued at more than $1.25 per dozen, 30 per centum ad valorem.

The intention of this paragraph was undoubtedly that rosaries, the value of which is sentimental rather than intrinsic, including those made from sacred wood, should be permitted to come into this country at a small rate of duty. With such contention we, of course, have no dispute. What we are fearful of is that shrewd or unscrupulous importers may utilize a widespread protective religious spirit by causing the writing of this paragraph to become the vehicle of undervaluation and improper classification. As we see it, this would permit any article that could be classed as a rosary to come into the United States by paying not more than 30 per cent ad valorem. This would permit the importing of necklaces made of imitation pearls and other imitation precious stones, from which the cross necessary to make this article a rosary might be eliminated after its introduction into the commerce of the United States, and offering them for sale as regular necklaces, and the importer would benefit by a rate of duty not intended by the framers of this bill for imitation pearls or other imitation precious stones. We wish some change in this paragraph which will protect our industry and at the same time allow all possible leeway to that type of rosary which is of high sentimental value because of associations connected with its component materials.

We do not wish the opportunity to be given to bring in necklaces under the guise of rosaries, which we are confident could be done under the paragraph as written, and which we fear would be done if the door is not closed upon such opportunity by your committee. We suggest that either the old classification of the Payne-Aldrich law be repeated, which made a rosary dutiable according to its component material of chief value, or that in paragraph 1444, providing that when rosaries are composed of imitation pearls or other imitation precious or semiprecious stones that they be dutiable at the same rate as such items in paragraph 1403.

We are submitting to you samples of the products we manufacture, which we believe will give you a real picture of the industry itself and the development which it has reached. We believe that whatever inquiry you may make as to foreign costs as opposed to our own, or the selling prices in this country of competitive American and foreign products, it will be proven that the rates of duty we received in the bill as it passed the House are the lowest under which the industry can thrive. These rates are insufficient at the present time, under present industrial conditions, and present exchange rates to put us on a thoroughly competitive basis with the foreign manufacturer. It will enable us, however, to retain a place in the American market, and will permit us to go ahead and continue our development. And we are confident that given such an opportunity we will produce articles of such quality as will successfully compete for the favor of the American customer with the article that is made abroad by cheaper labor. We ask that no

amount of duty as represented by the rates in the paragraphs which concern our products be reduced. Such a reduction can not be made and our industry continue to exist.

When this tariff bill was under discussion by the Ways and Means Committee we furnished to that committee a brief containing details as to manufacture and different elements of information concerning our industry. We will not take up the time of this committee by repeating these statements. They can be found on pages 3093–3098, part 5, of the hearings before the Ways and Means Committee of this year.

We produce articles that are properly classified as luxuries, and this should be taken into consideration. Our product is an all-American product. The raw materials used in the industry are all-American products. Our labor cost is very high, because of the skilled labor that is necessary to manufacture our products. We ask, accordingly, proper tariff protection from this committee and that the amount of duty given us after thorough inquiry by the Ways and Means Committee be not reduced. In making this appeal we speak for practically all of this industry in the United States.

Senator WATSON. Did it not give any duty for 1444?

Mr. JOHNSON. We ask no change to be incorporated to satisfy the manufacturers and importers.

Senator CALDER. Where is your factory located?

Mr. JOHNSON. Providence, R. I.

Senator CALDER. How many do you employ?

Mr. JOHNSON. The industry employs about 5,000 people.

Senator MCCUMBER. Is there any patented process in the making of pearls?

Mr. JOHNSON. It is not a patented process, though it is quite a difficult process.

Senator MCCUMBER. Do they have a particular name applied to them, a trade name—for instance, we have the Tecla pearls?

Mr. JOHNSON. We make the Richelieu pearls and Pilgrim pearls.

Senator MCLEAN. Where are the Tecla pearls made?

Mr. JOHNSON. I think they are made in France and imported here.

Senator WATSON. What does a pearl like that sell for?

Mr. JOHNSON. That is worth from $12 to $15, depending upon the number of coatings.

Senator WATSON. How high do these imitation pearl necklaces run in value, retail?

Mr. MEYER. They run as high as $75 to $100 wholesale.

Senator LA FOLLETTE. What do real pearls cost?

Mr. MEYER. Of course, there is no limit to the price on real pearls. In imitation pearls the retailer gets the profit, not the manufacturer. The jobber sells to the retailer, who knows what they are worth, and the retailer sells to the consumer, who does not know what they are worth, so the retailer gets the greater amount of profit.

FELT SHOES.

[Paragraph 1405.]

STATEMENT OF WALTER A. SWEET, WORCESTER, MASS., REPRESENTING THE NATIONAL ASSOCIATION OF FELT SHOE MANUFACTURERS.

Mr. SWEET. My name is Walter A. Sweet, of the firm of Wiley-Bickford-Sweet Co., Worcester, Mass. We are felt-shoe manufacturers.

I am appearing for the National Association of Felt Slipper Manufacturers, comprising 27 different concerns, who manufacture probably more than 50 per cent of the goods.

I will file a brief with your stenographer.

Senator MCCUMBER. It will be printed.

(The brief referred to is as follows:)

The National Association of Felt Shoe Manufacturers, representing firms and corporations employing approximately 4,824 employees and an average annual output of approximately $23,983,238, respectfully represent that paragraph 1405 of House bill 7456 affords the minimum amount of protection necessary to enable the manufacturers to maintain with a reasonable profit their business.

"PAR. 1405. Boots, shoes, or other footwear, the uppers of which are composed wholly or in chief value of wool, cotton, ramie, animal hair, fiber, silk or substitutes therefor, whether or not the soles are composed of leather, wood, or other material, 25 per centum ad valorem."

We further represent that previous to the war our business was seriously menaced by large importations from European and other foreign countries, that we are informed on reliable information that such importations are again reappearing, and that it would be impossible to compete with the slightest degree of success against such competition without changing the scale of wages to an extent which would not possibly be accepted by the laborers and without changing the working hours, which would be contrary to the statutes of the States in which the manufacturers are engaged in business.

We further say that this general statement is a conservative one and is sustained by facts and figures which the manufacturers are willing to submit to your committee either by oral testimony or in the form of a brief.

We are satisfied with the House bill as far as our industry is concerned, providing this 25 per cent ad valorem is based on American valuation.

Members of the National Association of Felt Shoe Manufacturers: American Slipper Co., Boston, Mass.; Blum Shoe Manufacturing Co., Dansville, N. Y.; Bray & Stanley, Beverly, Mass.; Blumenthal & Goldberg, New York, N. Y.; Dolgeville Felt Shoe Co., Dolgeville, N. Y.; Damon & Ellis (Inc.), Boston, Mass.; E-Z Walk Manufacturing Co., New York, N. Y.; Daniel Greene Felt Shoe Co., Dolgeville, N. Y.; C. A. Grosvenor Shoe Co., Worcester, Mass.; A. R. Hyde & Co., East Cambridge, Mass.; Little Falls Felt Shoe Co., Little Falls, N. Y.; Lind Shoe Co., Worcester, Mass.; J. A. Manning Shoe Co., Boston, Mass.; Millett, Woodbury Co., Beverly, Mass.; Northwestern Felt Shoe Manufacturing Co., Webster City, Iowa; New Jersey Felt Shoe Co., New York, N. Y.; Novelty Slipper Co., New York, N. Y.; Robertson Shoe Co., Minneapolis, Minn.; Standard Felt Co., West Alhambra, Calif.; United Slipper Co., New York, N. Y.; Wiley-Bickford-Sweet Co., Worcester, Mass.; Woodbury Shoe Co., Beverly, Mass.; Wobst Shoe Co., Milwaukee, Wis.; Carroll Felt Shoe Co., Elsworth, Me.; Dolge Slipper Co., Oxford, Mass.; Freeman Thompson Shoe Co., St. Paul, Minn.; Rosenwasser Bros., Long Island City, N. Y.

MEN'S STRAW HATS.

[Paragraph 1406.]

STATEMENT OF EDWARD W. BILL, REPRESENTING BILL & CALDWELL, NEW YORK CITY.

The CHAIRMAN. What is your full name?

Mr. BILL. My full name is Edward W. Bill.

The CHAIRMAN. Do you speak for Mr. Whitelaw?

Mr. BILL. I do.

The CHAIRMAN. Where do you reside?

Mr. BILL. In New York City.

The CHAIRMAN. In what way do you speak for Mr. Whitelaw?

Mr. BILL. I am of the firm of Bill & Caldwell, New York City. We are interested in men's straw hats, paragraph 1406. Mr. James G. Whitelaw, whose name appears on the calendar representing Bill & Caldwell, is our business manager, and it was our intention that he should present our statement to your committee.

The CHAIRMAN. What is your business?

Mr. BILL. Importing men's fur-felt and straw hats.

Senator SMOOT. What paragraph are you speaking to?

Mr. BILL. I am speaking to paragraph 1406, pertaining to men's straw hats.

The CHAIRMAN. You are a member of the same firm as Mr. Whitelaw, is that it?

Mr. BILL. Mr. Whitelaw is my business manager, and it was our intention that he present our statement to your committee. He was called to Europe and his boat was not able to come in in time to appear.

The CHAIRMAN. You are the head of the firm?

Mr. BILL. Yes, sir; I am the only member of the firm.

The CHAIRMAN. Will you proceed?

Mr. BILL. I would like to submit the following brief:

We are wholesale importers of men's hats. We have been in business for over 30 years, and we sell only to the retail merchants.

We are interested only in trimmed and sewed straw hats as covered by next to the last section of paragraph 1406.

The statistics available appear to cover, in some instances, the imports of straw hats of all sorts, and in other instances cover blocked and trimmed hats, including certain bodies. These bodies are taken by domestic makers and, after being manipulated and trimmed are turned out as part of their product. Taking this explanation into consideration and allowing only for the trimmed and sewed straw hats which are imported, it will be seen that such imports are but a small factor, compared with the amount manufactured in the United States.

COMPARISON OF IMPORTS.

In the Government publication entitled "Foreign Commerce and Navigation of the United States, calendar year 1920," on page 56 is a table headed "Imports of merchandise, calendar years 1919 and 1920." From this we abstract the following figures:

Blocked and trimmed straw hats.

From—	1919	1920
France	$46,403	$58,786
Italy	34,511	166,647
England	79,498	713,736

In the above figures are included practically all the trimmed and sewed straw hats which were imported. From the same source we see that the total value of blocked or trimmed straw hats imported in 1919 was $707,163. Taking this larger figure (which includes more kinds of articles than would be properly under the heading "Trimmed and Sewed Straw Hats," but which is the right figure for comparative showing) and comparing it with the product of the domestic straw factories, which, according to the Census of 1919, was $31,920,000, one can see that the imports of straw hats of all kinds were only 2¼ per cent of those manufactured in the United States. Assuredly, it would appear that a protection of 40 per cent on the foreign value would seem to be ample to almost close the doors to imports.

RECOMMENDATION.

Provided it is thought desirable to segregate trimmed and sewed straw hats (and as to that we have seen no reason offered for the change) we ask that the duty on them be no higher than the present 40 per cent based on foreign valuation. It appears that the duty reported in the bill under discussion is only 40 per cent, but it is assessed on a plan of valuation which may mean in practice an increase over the present 40 per cent rate on foreign valuation.

CLASSIFICATION.

In considering the proposed duty on these imports one must realize that this appeal is to prevent a prohibitive tariff on trimmed and sewed straw hats. The bulk of such hats, you will understand, are those usually sold in flat brim or yacht brim shapes, made of various kinds of braid and sewed (usually by machine) and then blocked, trimmed, and finished, and in that condition brought into the United States. This classification "Sewed and trimmed straw hats" does not mean Panamas of any sort, either the genuine or the imitation from Japan, or from any other market. It does not mean Porto Ricans, and it does not mean other classes of so-called "body" hats, all of which are worked over and form part of the domestic factories' production. The hats we are interested in are imported from England and Italy, possibly a few from France and other markets. There is a report also that Japan has sent some, but we have been unable to ascertain that any volume has come or is likely to come in, as will be explained later.

SHOWING FOR THE YEAR 1920.

This was an extraordinary year in the straw-hat business, due, first, to the large number of men returning to civilian attire after the war period and due, also, to the difficulty which most domestic factories had in getting anything like a normal production owing to various well-understood and entirely unavoidable conditions.

Domestic factories were, in practically every instance, unable to take care of the demands. They refused business from the best of their clients and, in most cases, they allowed their customers to buy only a percentage of what they desired to buy, giving them allotments which they could not exceed in their total purchases for the season. Furthermore, the trade papers enlarged on this shortage. (See article in the American Hatter of June, 1919, headed, "A Lesson in the Straw Hat Shortage." Also note an article in the American Hatter of August, 1919, entitled "Straw Hat Manufacturers Sold Up," the opening paragraph of which read, "In the period of just one month all the straw-hat factories have sold up practically their entire output for next year.") Other similar references and the advertisements of the domestic manufacturers emphasized this shortage.

In the face of this, it is not surprising that any retailer who was alert and wanted to have enough hats to supply his trade, bought straw hats when and where he could. The question of price was not, by any means, the controlling factor. He wanted hats, and if he could not get them at home he went abroad. He had to take care of his trade, and it just happened English manufacturers, having had a very poor business at home on account of a rainy season, etc., made attractive offerings to unload raw materials which they owned at high prices. The result was that unusual orders were placed ahead, and English straw hats and to some extent Italian straw hats came in, in the year 1920, in much larger volume than normal. This explains practically the entire increase of blocked and trimmed straw hats shown in the figures given in the paragraph headed "Comparison of imports."

RELATIVE INCREASE OF MANUFACTURES AND IMPORTS.

Statistics from Government sources for the last three periods the data is available to show amount of straw hats made in United States: 1909, $21,424,255; 1914, $25,444,000; 1919, $31,920,000.

The above shows a steady growth in the industry which would not be possible if it were unduly menaced by foreign competition, and, assuredly, in view of the imports, there is no need shown for increased protection.

SHOWING FOR THE YEAR 1921.

As contrasted for 1920, the year 1921 shows a decided falling off in imports. For instance, up to September 1, 1921, blocked and trimmed hats imported into the United States were $781,945. Compare this with the year 1920 in which the blocked

and trimmed straw hats imported up to September 1, 1920, were $1,508,535 and it is evident that the year 1921 shows a falling off of just half in the imports as compared with the previous year. Assuredly, there is no menace in the decreased showing and certainly no need to increase the present duty, which is so high now that any substantial imports are absolutely impossible.

REPORTED JAPANESE COMPETITION.

Reference was made to this matter by the representatives of the domestic straw-hat manufacturers and also in their brief (p. 3056, hearings before the Ways and Means Committee, No. 30, Feb. 9, 1921).

Our business is the importation of men's hats. We have, or should have, knowledge of all markets. We made diligent inquiries and fail to find any substantial importation of Japanese finished sewed and trimmed straw hats. What we have seen in samples submitted, etc., discourages us from going into the business. The undesirability of the merchandise and the high price, together with the present duty and the large expense of bringing goods all the way from Japan, which in itself is an additional handicap of moment—for you must realize that straw hats are bulky and, therefore, expensive to transport—in view of these situations, we can find nothing of interest in the proposition.

In addition to this handicap of price is the situation which can not be overcome in the respect that the hats which are made in Japan lack the character and distinction and the refinements of style which an English or a good American hat has. This indefinitely defined element called "style" or "character" is necessary to effect the sale of higher-priced headwear. The Japanese straw hat landed in the United States must be sold at a reasonably high price. It can not be compared in character with other hats on the market which would be sold at the same price, and, consequently, in view of the handicaps mentioned, will not be a factor as a competitor for American-made hats.

Furthermore, although it is difficult to segregate the available statistics of the particular kind of Japanese hats referred to by the representative of the domestic manufacturers, still, reference to Department of Commerce publication entitled "Monthly Summary of Foreign Commerce of the United States, Part 1, August, 1921, page 11," shows the following as applying to all Japanese hats:

"Imports of merchandise, straw hats, not blocked, also blocked and trimmed: Importations from Japan for eight months ending August 31, 1920, $1,369,715. Importations from Japan for eight months ending August 31, 1921, $71,745."

This comparison shows a decided slump in imports of Japanese hats of all sorts during 1921. Certainly nothing in this year's importation should cause alarm for approximately from these figures the 1921 imports so far are only 5 per cent of the 1920 imports. There seems nothing to fear from this source; there is, assuredly, no alarming growth, and, furthermore, from the nature of the case, the Japanese can not turn out a trimmed, sewed straw hat of a character to compete with the domestic production.

CONCLUSION.

The present rate of 40 per cent of foreign valuation as applied to men's trimmed and sewed straw hats, we submit, is entirely protective. The growth of the domestic business, the meager showing of imports, the proportionate higher cost of foreign hats to-day over 1913, as compared with the increase in the cost of domestic hats during that period—to say nothing of the increase in the cost to bring them to America—these and other considerations will assure your committee that the present rate of 40 per cent on the foreign valuation is amply protective.

We ask your committee that no legislation be enacted which in practice will put a greater penalty on the importation of men's trimmed and sewed straw hats than the present duty.

We have been in the business for many years and know the details and possibilities of it and assure you any increase, whether it be in percentage or because of a change in the basis of value, would be virtually prohibitive.

TOILET BRUSHES.

[Paragraph 1407.]

STATEMENT OF W. B. GIBSON, NEW YORK CITY, REPRESENTING THE BRUSH IMPORTERS' ASSOCIATION.

Senator McCUMBER. Where do you reside, Mr. Gibson?

Mr. GIBSON. New York City. I speak for the Brush Importers' Association. We are chiefly interested in toilet brushes, because the importation of any other brushes is negligible. I represent the firm of G. R. Gibson Co. We have been importing brushes for 45 years.

Senator McCUMBER. You are importers, are you?

Mr. GIBSON. Yes, sir. We also handle the domestic article.

I haven't any brief to present, but I hope to put in a statement later, if I may.

Senator McCUMBER. You may do that.

Mr. GIBSON. I want to make just a very short statement, and then I should like to turn over the balance of my time, if I may, to Dr. Hyatt, chairman of the oral hygiene committee of Greater New York, in order that he may bring out, as one connected with that particular work, the value of a cheaper toothbrush.

The present rate of duty on toothbrushes of 25 per cent if placed on the domestic value would be about 70 per cent. We beg that if the American-value clause is adopted some reduction in this rate of duty on toothbrushes and toilet brushes be made. If the American-valuation basis is adopted, we think that the duty on tooth and toilet brushes should be made 25 per cent.

The most important thing, to our minds, is the special provision which appears in paragraph 29, known as the pyroxylin plastic schedule, to which special attention has been attached, providing that would bring toothbrushes made of celluloid into the celluloid paragraph whether or not more specifically mentioned elsewhere. It would bring tooth brushes made of celluloid into the celluloid paragraph carrying a duty of 65 cents a pound and 25 per cent ad valorem, as against the brush duty of 35 per cent ad valorem.

Senator SMOOT. What is that section you referred to?

Mr. GIBSON. The pyroxylin plastic paragraph, as it is called, is paragraph 29.

The pyroxylin plastic duty, if placed on toothbrushes, would be equivalent to 77 per cent ad valorem. We beg that these celluloid toothbrushes be not taken out of the brush paragraph and be put in this paragraph 1407.

I believe that that would be prohibitive. I do not believe that you would ge any revenue from the imported celluloid toothbrushes, and in addition it would be certain to raise the price of the toothbrush to the public.

The importation of toilet brushes is small compared with the brush production of the country.

Senator SMOOT. What was it in 1913?

Mr. GIBSON. It was $2,000,000. There was an increase of two to three hundred per cent in the price.

Senator WATSON. All kinds of brushes that are ordinarily used in this country?

Mr. GIBSON. Yes. Among the imported brushes toilet brushes alone are found.

Senator WATSON. Only toilet brushes?

Mr. GIBSON. Yes, sir. The bath brush, the shaving brush, the cloth brush, the hat brush, and others we can not import and compete with. The paintbrush is not imported in any quantities. It can not compete. The household brushes are not imported. I say that the importers are concerned only about the toilet brushes. The bulk of those imported brushes are toothbrushes.

Senator WATSON. Why can't we import paintbrushes as well as any other kind?

Mr. GIBSON. We do not handle paintbrushes. We never have.

Senator WATSON. Are you an importer?

Mr. GIBSON. Yes. I should say the reason is that the value of the bristle in the brush is much greater in proportion to the value of the handle than in the case of the toothbrush or the hairbrush, and since the bristle can be brought in paying a duty of 7.5 cents per pound, which to-day, at the present prices of bristles, would be possibly 2 per cent, you can bring in material and make shaving brushes, for instance, much cheaper than they can be brought in from abroad and pay 35 per cent duty on the article. Does that answer your question?

Senator WATSON. I think so.

Mr. GIBSON. There has been an increase in the importations from Japan. Those were chiefly toothbrushes. To-day we find that the tendency is for the business to go back to the European maker, where it was before the war, on the medium and better class of goods, while the Japanese keep only the cheap business, which they had before the war.

We represent a factory in Japan and one in France. The French factory was practically destroyed during the war.

We anticipate that the business on the better grade of toothbrushes will go back to France and that Japan can not keep it.

Senator McCUMBER. Why?

Mr. GIBSON. Because cheap labor is always inefficient labor. Cheap labor in the brush business means a cheaper quality of product.

Senator McCUMBER. The bristles grow. Labor has nothing to do with the matter of making them.

Mr. GIBSON. No.

Senator McCUMBER. Can't Japan make celluloid as well as they can make it in France? Is there something so delicate in the method of manufacture that it requires a high degree of efficiency to make the celluloid backing for the ordinary celluloid brush?

Mr. GIBSON. First, I think you said that the bristle grows, and hence the labor is not a factor in making the brush.

Senator McCUMBER. No; I said in making the bristle.

Mr. GIBSON. Oh, that is quite true. However, the Japanese have never been makers of good quality brushes. We know, because we have tried since 1902 to produce better and better quality brushes.

Senator McCUMBER. My question was why.

Mr. GIBSON. Yes. Because the people are not efficient working people. They do not seem to have the ideals with respect to their product that they should have. They are careless. I should say, to sum it all up, that cheap labor, as we know it, means careless and inefficient labor and a poor product.

Senator McLEAN. Did I understand you to say that you get your best brushes from France?

Mr. GIBSON. Yes, sir.

Senator McLEAN. Are they the best that are made in the world?

Mr. GIBSON. I should not say that. The English make a very fine brush—they and the French.

Senator McLEAN. Is French and English labor more efficient than American labor?

Mr. GIBSON. No; I do not think so.

Senator McCUMBER. Then why don't they make them as good here; you do not claim that they can not make them here?

Mr. GIBSON. No, sir. I say that some of the American brushes are as well made as any others in the world.

Senator McCUMBER. I suppose we took you off your line of argument.

Mr. GIBSON. I was trying to bring out the fact that a large increase in the business of Japan resulted during the war from Europe being shut off. I claim that the business will return to Europe, where it was before the war, and that the Japanese will produce only the cheaper grades of goods.

I would like to have Dr. Hyatt explain the cheaper product. I am not here to explain the French or the English industry.

Senator McLEAN. What do you get per dozen for a good French brush?

Mr. GIBSON. To-day?

Senator McLEAN. Yes.

Mr. GIBSON. A toothbrush?

Senator McLEAN. Yes.

Mr. GIBSON. It would sell at wholesale for about $3 a dozen.

Senator McLEAN. And retail at 60 cents apiece?

Mr. GIBSON. Yes. They can not produce them in France as cheaply as they can in Japan.

We base our plea chiefly on toothbrushes, and on the cheaper grades of toothbrushes, on the fact that the brushes outside of toothbrushes are made here.

Dr. Hyatt is chairman of the oral hygiene committee of Greater New York. He is a pioneer in the work of dental education.

STATEMENT OF JOHN MORRISON, JR., GLENS FALLS, N. Y., REPRESENTING AMERICAN BRUSH MANUFACTURERS' ASSOCIATION.

Mr. MORRISON. Mr. Chairman, I am speaking for Mr. Fernley. I would like to ask that Mr. Fernley be permitted to cooperate with me in distributing these brushes.

I am located at Glens Falls, N. Y., and have a plant for the manufacture of brushes.

Senator McCUMBER. Do you manufacture toothbrushes?

Mr. MORRISON. I do not.

I have a brief that I would like to make a part of my testimony.

Senator McCUMBER. That may be done.

Mr. MORRISON. In connection with that, I have some brushes here that I am going to ask Mr. Fernley to pass around, and I shall be glad to give you any information that you may desire in regard to a comparison of prices.

Senator SMOOT. Are these brushes made in America?

Mr. MORRISON. The brushes that we are now passing around are made in Japan.

Senator SMOOT. We see this kind of a brush in the Senate wash rooms all the time. They come in from Japan. What I want to see is the American brush.

Mr. FERNLEY. We have some American brushes right here.

Senator WATSON. These are Japanese brushes, are they?

Mr. MORRISON. Part of them are American and part are Japanese.

Senator McCUMBER. And part Czechoslovakian, I suppose.

Mr. MORRISON. We have communicated with all the manufacturers in the United States and have personally interviewed a great many of them, as well as conducted a personal investigation in the American market, and are convinced that the American brush manufacturers have struggled under foreign competition for years with such countries as Japan, Germany, and Austria; that it has been a yoke that has not only kept the American workman's pay envelope thin but has discouraged the expansion of individual concerns and hindered the investment of capital.

There have been thousands of dollars invested in machinery for the past few years, particularly during the period of the war, and that machinery will be idle. It is now idle, partly due to the business depression, and it will have to remain idle under the present tariff. Unless we have better protection we can not continue to operate. The only reason that our brushes were utilized is that there were no importations of brushes during the period of the war.

With adequate protection the American brush manufacturers can and will supply the American market with brushes for every use and to meet every requirement at a price that will fit the pocketbook of every class of individuals representing the American public. This would be an answer to the contention of some of the importers that America falls short in supplying certain kinds of brushes.

I can say, gentlemen, that the American brush manufacturers are just as anxious that the health of the American public, and especially the American child, should be protected as are the importers

Senator SMOOT. How many manufacturers are there in the United States that manufacture toothbrushes?

Mr. MORRISON. Why, Senator, there are two that manufacture them now and have been manufacturing them. They do manufacture special brushes. I am going to ask Mr. Fernley to give you some information in regard to those things. He has some recent information. He is the secretary of our association.

I want to tell you about what it is possible for us to do under the conditions existing and what we could do if we had protection.

Senator WATSON. You do not make toothbrushes at all?

Mr. MORRISON. No, sir. We make hairbrushes, clothes brushes, shoe brushes, bath brushes, and so on. They come under the toilet-brush variety.

The importers have stated that the best brushes are manufactured in Europe and not in Japan. If the European brush comes in under the present tariff, being a higher-grade brush than the American brush, the American manufacturers can not compete with them. It may be possible that the American manufacturers can not, for the time being, compete with Japan on a very cheap brush

that retails for possibly 10 cents, but the importers admit that this is an inferior brush and is not a practical brush. What we want is protection on the general line of brushes, and we feel certain that the American manufacturers will produce a brush that will be sold at a satisfactory price and one that every child will have the money to purchase.

BRIEF OF JOHN MORRISON, JR., GLENS FALLS, N. Y., REPRESENTING THE AMERICAN BRUSH MANUFACTURERS' ASSOCIATION.

The American Brush Manufacturers' Association has a membership of 110 manufacturers, located in all parts of the United States, and there are numerous small manufacturers not affiliated with our association, owing to the size of their plants, but who share our views as to the absolute necessity for adequate tariff protection.

H. R. 7456, as passed by the House of Representatives, in Schedule 14, paragraph 1407, provides a duty of 35 per cent ad valorem on toilet brushes, and a duty of 30 per cent ad valorem on hair pencils, and all other brushes.

These proposed duties are inadequate for the reasons which we will subsequently set forth, and we therefore wish to request that the schedule be revised as follows. If American valuation plan, as outlined in H. R. 7456, is not adopted:

(*a*) Toilet brushes, including tooth, hair, nail or hand, shaving, bath, complexion, eyebrow, mustache, clothes, shoe, and hat brushes, 60 per cent ad valorem.

(*b*) Paint and varnish brushes, 50 per cent ad valorem.

(*c*) Hair pencils, in quills or otherwise, hair and bristle artists' brushes, and all other soft-hair brushes, 60 per cent ad valorem.

(*d*) Household and all other brushes, 50 per cent ad valorem.

If the American valuation plan is adopted, we ask that duties be determined on a basis which will equal the duties above requested.

In this connection we wish to state that our association is on record as being unanimously in favor of the American valuation plan, and we are particularly gratified that Congress has conducted the investigation regarding its feasibility recently, and we trust that in determining the rates of duty on brushes you will take into consideration the data gathered by the valuation division of the Treasury Department.

In presenting our brief to the Ways and Means Committee our association was advised to request such duties as were absolute minimums, and this was done, although duties suggested were much lower than some of our members deemed necessary.

The growth of foreign competition during the past nine months has served to emphasize the fact that the duties suggested to the Ways and Means Committee are absolute minimums.

You have asked us to be brief in presenting our claims for better protection, and in our desire to cooperate with you in having the bill passed at the earliest possible moment we will not attempt to go into the details of the working and living conditions in foreign countries where brushes are manufactured, as this would not only be a repetition of the information given you in our brief filed with the Ways and Means Committee on February 8, 1921, Schedule N, paragraph 336, but we feel that the hearings granted to other manufacturers of other lines have well established these facts, and we can not come down to the low wage scale and poor living conditions that exist in foreign countries, and particularly that of Japan, which country we consider our greatest competitor.

We have communicated with all of the manufacturers in the United States and have personally interviewed a great many of them, as well as conducted a personal investigation in the American market, and are convinced that the American brush manufacturers have struggled under foreign competition for years from such countries as Japan, Germany, and Austria, and it has been a yoke that has not only kept the American workman's pay envelope thin, but has discouraged the expansion of individual concerns and hindered the investment of capital.

For a period, from 1914 to 1920, the American brush manufacturers enjoyed prosperity, due to the fact that the importation of brushes was reduced and many concerns took on new life and expanded, investing thousands of dollars

in new machinery and equipment, which is something that they would not have done under normal conditions, and is something they can not fully utilize unless they are protected against the great flood of brushes that are coming in under the present low tariff.

Many of the concerns who now have a surplus of labor, with additional machinery and equipment acquired between the years 1914 and 1920, have been fighting through the past year, which has been a very poor one in the brush industry, due to general conditions and to the increasing flood of importations, in anticipation of a brighter time in the near future in expectation of a protective tariff. If their expectations are not to be realized and they are to go into the market in competition with foreign-made brushes, produced at a labor cost of 30 cents per day, they might better stop fighting now than to face disaster a little later.

To illustrate just how confident American importers and jobbers are that American brush manufacturers can not compete with Japan on brushes: There have been instances where the American manufacturer has presented a brush, newly designed and constructed, and upon presenting the sample has been told that the buyer was not interested because the brush could not be made as cheaply as a similar brush imported, and if they had any calls for the brush they would see that a sample was sent to Japan and the brush duplicated and brought into this country and sold at a price that would enable the importer or jobber to undersell the American manufacturer who designed the brush.

With adequate protection the American brush manufacturers can and will supply the American market with brushes for every use and to meet every requirement at a price that will fit the pocketbook of every class of individuals representing the American public. This would be an answer to the contention of some of the importers that America falls short in supplying certain kinds of brushes.

With the exception of bristles and some fancy woods, all of the materials used in the manufacture of brushes are produced in the United States, and the protection and prosperity that would be enjoyed by brush manufacturers under a protective tariff would be passed along to many associated industries and individuals from the lumbermen of the Adirondacks and the woodlands of New England and Pennsylvania to the city industries that supply wire and varnish; and it might interest you to know that many small hamlets and villages in certain parts of the country are almost wholly dependent upon the woodworking plants that are manufacturing brush blocks and handles for the brush manufacturer.

Gentlemen, Germany, Austria, and Japan are going after the American brush business stronger than ever. They must keep their people working and America is the most logical as well as profitable market. It has been demonstrated that a duty of 35 or 40 per cent does not stem the increasing flood, and the life of the American brush industry is threatened with disaster unless we are granted the protection we are asking for at this time.

In 1906 there were in Japan 213 factories or workshops producing brushes, employing a total of 3,118 employees; in 1918 there were 777 factories employing 6,811 employees.

The United States is Japan's best customer, and over a period of 12 years had taken annually from 45 to 70 per cent of all the brushes exported from Japan.

Following are the totals of the brushes imported into the United States for domestic consumption:

1894	$550,334	1910	$1,744,546
1900	964,220	1915	1,670,821
1905	1,308,763	1920	3,740,543

It has been estimated that from 50 to 60 per cent of the toilet brushes used in the United States are imported.

Before the war 90 per cent of the artists' brushes and hair pencils were imported from Germany, but since 1914 this business has been developed in this country until to-day American manufacturers are producing this type of the brush in a quality which is far superior to the foreign product.

The Japanese have recently entered this field and are now producing these brushes at prices lower than the German prices in prewar times.

WAGES AND HOURS OF LABOR IN JAPANESE BRUSH INDUSTRY.

[Extract from report of United States Tariff Commission.]

There are only a few large brush factories in Japan. The average number of employees per factory or workshop was less than nine in 1918. The total number of employees for the same year was 6,811, more than one-half of whom were females. These figures include employees in factories or workshops, but apparently not those engaged in home work. It is generally held by those familiar with conditions in Japan that Japanese workers are not so efficient as those in other countries.

Wages are low in Japan compared with those paid in other brush-producing countries. The following data quoted from a report of Consul West are not representative of the scale of wages in the brush industry at the present time (1920), but are used to indicate prewar rates.

Washing and dressing bristles requires little skill, and the average daily wage is 27½ to 37½ cents for males and 12½ to 11 cents for females. Few children are employed; their wages run from 7½ to 11 cents a day.

In making hair, nail, and tooth brushes, wages for females run as high as 32½ cents per day, while skilled men earn from $12.50 in the rough preparing to $27.50 and $30 per month where real skill is required. Skilled laborers, both men and women, working at piecework in the factories earn about one-fourth more than those on day wages, but they do not take the short rest allowed the others. The skilled labor is for the most part employed in the production of the more expensive classes of brushes and in the manufacture of samples and new work.

The working hours in the factories are from 7 a. m. to 6 p. m., with two periods of rest, one at noon and one in the afternoon. Sunday is not observed as holiday, but the four holidays in each month usually fall on the first day of the week. For the drawing that is given out to be done in the country, there are no regular working hours. Families including small children, engaged on this kind of work, do it when not occupied with their farms, chiefly on rainy days and at night.

[Brief of the American Brush Manufacturers' Association presented to the Ways and Means Committee, House of Representatives.]

The undersigned officers of the American Brush Manufacturers' Association, in behalf of its membership, respectfully request your honorable committee to consider the following facts regarding tariff as it affects the American brush industry.

The American Brush Manufacturers' Association is not bound together by any trade agreements or combinations of any kind whatsoever, and there is no likelihood of any ever being brought about.

[Schedule N, Paragraph 336.]

BRUSHES.

The present duty on brushes is 35 per cent ad valorem. We request that this schedule be revised as follows:

(*a*) Toilet brushes, including tooth, hair, shaving, nail or hand, bath, complexion, eyebrow, mustache, clothes, shoe, and hat brushes, 60 per cent ad valorem.

(*b*) Paint and varnish brushes, 50 per cent ad valorem.

(*c*) Hair pencils, in quills or otherwise, hair and bristle artists' brushes, and all other soft-hair brushes, 60 per cent ad valorem.

(*d*) Household and all other brushes, 40 per cent ad valorem.

For the following reasons:

TOILET BRUSHES.

Toilet brushes, such as teeth, hair, nail, bath, complexion, eyebrow, mustache, shoe, clothes, and hat brushes, are produced in large quantities in Germany, France, England, Austria, and Japan. In the United States there are few toilet brush manufacturers and, aside from four or five larger concerns, are small in size and production. The larger firms make specialty goods, which do not come into competition with foreign-made brushes to any great extent, whereas the

smaller manufacturers are absolutely unable to compete with the Japanese-made goods at all, which is proven by the fact that more than one-half of all the toilet brushes consumed in the United States are of foreign manufacture, largely from Japan.

As an example, there are about 12,000,000 toothbrushes manufactured annually in the United States. From the available customhouse statistics, it is impossible to ascertain the exact number of toothbrushes imported annually, as all brushes are now grouped under one head. We should estimate the annual consumption of toothbrushes in this country at over 40,000,000.

With a tariff approaching the difference in the cost of labor and the cost of other items that enter into the cost of production, all or nearly all the brushes consumed in the United States could be made here on a competitive basis. At previous hearings before the Ways and Means Committee the importers have attempted to show that they were unable to compete with the cement faced brush. The manufacturers of this style brush do not compete in quality with the hand drawn imported brush.

It is practically impossible for American manufacturers to make tooth-brushes in competition with Japan. There are really only two tooth-brush makers of any importance in the United States, both making specialty brushes which are well advertised and in a class by themselves. These and other manufacturers could easily make other than specialty brushes if they could be helped to meet this foreign competition, and as a result would employ more workers and distribute more domestic merchandise.

REPORT OF UNITED STATES TARIFF COMMISSION REGARDING FOREIGN DOMINATION OF BRISTLE MARKET AND FOREIGN LABOR CONDITIONS.

We quote from a survey made by the United States Tariff Commission in 1918, viz, conditions confronting the brush industry in the United States:

"One of the serious conditions confronting the brush manufacturers is the lack of American bristles. Brush manufacturers are dependent upon foreign bristles, the markets for which are under the control of foreign intermediaries. The trade in Russian bristles before the war was centered at Leipzig, Germany. The German houses sent their agents into Russia and Siberia to buy from the producers. The bristles were then dispatched in bulk to Leipzig, where fairs were held five times a year, on which occasion the users of bristles would send their representatives to make purchases.

"Before the revolution producers in Russia and Siberia were endeavoring to divert the course of trade from Leipzig to some center in Russia, so that after the war the profits realized by the German middlemen would incur to the benefit of Russian firms.

"The Japanese are endeavoring to secure control of the Russian bristle market and are said to have copied the German system, which in the past has been effective. The control of Chinese bristle trade is also being sought by the Japanese. Whether the control of the bristle trade is primarily for the purpose of making Japan the leading brush manufacturing country in the world or the chief distributing center of bristles is not indicated.

"Other conditions with which brush manufacturers have to deal in competition with imported brushes are largely sociological problems. Employment of women and children in tenement houses under unsanitary conditions and for long hours may not be regulated in the same manner as in the United States, or, at least, as prescribed by the statutes of some of the States. Under the new State child-labor laws, children can no longer be employed in the manufacture of goods. New York State has a statute upon its books which prohibits the manufacture of goods in tenement houses, except those that are licensed, and then the goods must bear a label to the effect that they were made in tenement houses. Brushes are also made in prisons, but regulations and restrictions are prescribed for their production in the United States which practically exclude them from competition with goods made by free labor. The tariff act of 1913 contains a paragraph which prohibits the entry of goods manufactured wholly or in part by convict labor, but if foreign countries do not require that goods made in prisons shall bear some mark of being so made there is the possibility that such goods may be imported in violation of law. There is a feeling among manufacturers of brushes in the United States that Paragraph I, Section IV, of the tariff act of 1913 should be amended to cover goods made in tenement houses or by child labor."

JAPANESE DOMINATION OF BRISTLE MARKET.

Then we also embody herein a report made for us by an Englishman traveling in China and Japan during 1919. This gentleman is one of the leading brush and bristle men of the world and made this investigation at the request of the president of our association.

"At your request in order to provide you with authentic information for Washington, I sent you from or after my visit recently to Japan three reports upon the conditions of labor in the brush industry there; two from independent sources and one taken personally. These reports, I think, conclusively demonstrate that labor conditions are quite different in Japan from your United States standards and also fall far below British trades-union standard.

"Since I have been round some of the bristle markets in this country, however, I am convinced that the greatest danger to the brush industries of our respective countries, and France likewise, comes from the increasing efforts by the Japanese merchants, backed, I have every reason to believe, by their Government and even subsidized or State assisted, to exploit these markets. This is particularly noticeable here (in white bristles)—Canton (so-called Hongkong bristle) and Tientsin (Siberian bristles). Their methods seem to be for merchant firms backed by semistate Japanese banks to give orders without limits, when purchasing in competition with us, thus frequently paying as much as 30 per cent more than our limits, notwithstanding the high prices of bristles still prevailing in London and New York.

"On the other hand, I have heard brush manufacturers boast of the inability of foreign Governments to keep Japanese brushes out by duties alone—at least this points toward State assistance and the necessity for your Government to levy heavy duties; the danger of the Japanese successfully exploiting these raw-material markets is that they would leave insufficient material to supply home markets after they have utilized the aid of those dealers in England and America, who, perhaps unconsciously, assist the Japanese by trading in small quantity of bristles with them, giving them information and buying the sorts of bristles from these which they do not need. Should they ever achieve their undoubted object of capturing these bristle markets, on equal lines as regards trade, 'white' labor can not compete with 'yellow,' therefore, how even more unequally placed is trades-union labor when up against Japanese commercial methods. I believe there is a movement on foot in England to exclude the products of foreign factories that do not pay and maintain trades-union standards.

"Consular reports may not entirely bear out my advices, but it must be remembered that consuls obtain their information by 'hearsay' and not by actual business efforts and experiments and transactions.

"I know there are two large principles also involved in this question; one could be described as 'friendly relations with Japan' and another by the question of exports to Japan. It is not my province to attempt at this juncture to answer these arguments, otherwise I think I could find suitable replies; but in any case I do not think the questions affect the immediate object you have in hand.

JAPANESE LABOR CONDITIONS.

"The production of brushware in Japan by Japanese manufacturers is carried on in a manner entirely different from the systemized methods of Europe and America. Various enterprising Japanese concerns have at different times, both before and during the war, tried to model their operations along foreign lines, aiming at maximum efficiency and uniformity of production by turning out the finished article from the raw materials under one factory roof. We learn their attempts in this direction have all been defeated by their inability to secure factory labor, the girls (12–18) who represent the majority of brush workers being of the farming class and living scattered at distances from the factories where the preparation of raw materials is attended to. These girls do the drawing of the bristles, punching, and cementing in their own homes as piecework. Production is very limited in June, when they work in the fields. Their labor may be classified as semiskilled, and on a piecework basis a day of 14 hours' work nets them in the vicinity of 80 sen. In prewar times they were making 34 to 35 sen. The girls are supervised by skilled men supervisors making 1 yen per day, who are in turn under district supervisors drawing 1.50 yen, approximately. The cutting of the bone is also done by outworkers, comparatively unskilled men making 75 to 80 sen per day by piecework, taking bone in its raw state from the distributors to the cutting plants, whence they return it

to the distributors. The finished handles are then 'farmed out' to the girls by the district and subsupervisors.

"The bristles are distributed in a like manner, going to the refining factories for different degrees of preparedness and thence through the supervisors to the girls. Bristle refiners earn from 1 yen to 1.50 yen per day. The very few foremen attached to the bristle end of the brush production receive 3 to 4 yen per day, being experts. They, however, can not be classed as 'workers.'

"Details of the volume of work necessary in the production of a given quantity of brushes are not available at the moment. We hope to have fuller particulars in a week or 10 days in this connection, but it is a difficult question to obtain accurate reports upon.

"We would state that the girl workers could earn double or more by operating in spinning or allied mills, but their desire for home industry keeps them in the brush business.

"The foregoing should illustrate how there exist such great differences as are well known to exist in the qualities of the Japanese article.

"My informant showed no reluctance in furnishing these points, agreeing that Japanese methods are applicable only to this country.

"The foreign-managed large factories also do much of the setting and stamping, i. e., actual putting together by means of giving work out, although in other respects many work indoors and their works are clean and up to date. The girl bristle workers earn about the equivalent of 1s. 6d. to 1s. 8d. per day. Men wood turners, say, 1½ yen per day (about 79 United States cents); of course, as it is all piecework the rate is not as low as it appears, because the workers in some branches (picking and woodwork) are not as quick as white labor, but allowing for all this the labor is obviously very cheap.

"You will understand the European factories do all the work except a portion of the putting together of the material in its final stage in their own factories. Woodworkers include bone finishers or fashioners. The difference disclosed in the earnings of the two reports is on account of the shorter hours in the European-owned factories, although as 80 sen—about 42½ United States cents—the two reports closely tally in this respect.

"With reference to your inquiry about the cost of labor in the brush industry in Tokyo, I find that the average daily wage of a man is 1.50 yen to 3 yen, according to expertness, and of a woman 45 sen to 75 sen. The day consists of 10 working hours, and for night work a man receives 30 to 40 sen extra and a woman 10 to 15 sen. There is a considerable amount of work put out in this industry, and such outside labor is paid from 40 to 70 sen per day. You will see that there is a considerable variation, and I am afraid the figures will form a poor basis for any comparisons you may wish to make."

For the foregoing reasons we believe that it is entirely just and fair that the schedule for brushes should be divided so that a higher rate of protection be given to all toilet brushes.

PAINT AND VARNISH BRUSHES.

The competition from foreign sources on paint and varnish brushes is becoming keener all the time.

On account of her low production costs, due to cheap labor, Germany was a large exporter of brushes to this country before the war and is now trying her best to revive her former trade in this line. Undoubtedly when Germany recovers her equilibrium she will be a strong competitor again in the domestic market, especially at the low rate of German exchange now prevailing, which is against her as a buyer but strongly in her favor as an exporter. Japan is now trying to take the place of Germany in the foreign brush market and is making every effort to secure business in this country, and has succeeded to a certain extent and will succeed to a greater extent, provided she can increase the quality of her goods.

The art of paint and varnish brush making is not a simple one, for it takes a workman a long time to learn to handle bristles with minimum waste. The paintbrush industry in the United States is very highly organized and the working force consists of skilled mechanics who earn high wages. American paintbrush manufacturers are able now to compete with foreign countries only because of the extensive use of machinery in making brushes and handling bristles and because of the protection afforded by our protective tariff.

Fifteen million dollars is invested in the production of paint and varnish brushes and in the businesses closely dependent thereon, such as the manufactur-

ing of handles, ferrules, etc. The number of people employed is about eight or nine thousand. The annual business volume in paint and varnish brushes, including all brushes classed as such, we would estimate at about $30,000,000.

COMPARISON OF WORKING CONDITIONS.

The working conditions in the American factory are superior to those in Europe and in Japan. Many of our plants have profit-sharing plans established whereby employees participate in the division of profits, sick benefits, life insurance, health departments with registered nurses in charge—all this in addition to the expense of operation of the workmen's compensation acts and liability insurance.

We are glad to do all this for the benefit of our employees, for we believe our own prosperity is dependent upon the welfare of the working force. The brush industry is proud to be in a business that is worthy of protection. On the other hand, our costs could be much lowered and we could probably compete successfully with foreign manufacturers in our own market, if working and living conditions in this country were on the same low plane as in Asia and in Europe.

In addition to these handicaps we find, from personal investigations we have made of the conditions in the brush industry in Europe:

First. All European countries, as well as Japan, obtain their principal raw material (bristle) free from duty.

Second. While the paint brushes are manufactured, and necessarily so, in proper factories by operatives receiving day wages, the entire toilet-brush industry abroad is a house industry in which the very poorest paid labor of women and children is engaged. We found workers in London earning 2 shillings (48 cents) a day when working at home for a full day, the women being assisted by four little children, at that; while the price paid drawers in the Black Forest district of Germany, in the outskirts of Nuremberg, and especially to the peasants of Austria and of Hungary, fall considerably below even that pitful sum.

It is a known fact that only since the middle of 1914 has the brush industry in the United States been able to expand and prosper, due to the elimination of foreign competition. During that period there has been considerable increased investment in plants, in machinery, and in the number of employees. We feel that due consideration should be taken of this growth and that the tariff should enable the operation of these additions.

It is our strong conviction that the brush industry in this country can not survive unless given protection by a sufficiently high tariff, and we believe that the present tariff is not high enough to prevent Japan and Germany from obtaining a large part of our domestic trade in these products when conditions again become normal in those countries.

[Schedule N, Paragraph 337.]

BRISTLES.

It is our belief that the duty on raw bristles should be made as low as possible to properly take care of the actual expenses incurred by the Government in handling this particular item. All bristles used in making brushes of all kinds are imported from Asia and from Europe, and there is a specific duty at the present time of 7 cents per pound on all importations of bristles—applied regardless of the price of the bristles. Since there are no domestic bristles produced that can be used in making brushes it would seem that the imposition of too high a duty on bristles is an unnecessary tax on consumers of brushes, resulting in higher prices for brushes without giving any protection to bristle producers in this country for the reason that no such producers exist.

If a duty on bristles is required for revenue purposes, providing the increase in tariff on manufactured brushes is granted, we feel that the present 7 cents per pound specific duty on bristles can be continued.

(The above brief was unanimously approved at the fourth annual meeting of the American Brush Manufacturers' Association, at Atlantic City, N. J., February 3 and 4, 1921.)

TOOTHBRUSHES.

[Paragraph 1407.]

STATEMENT OF DR. THADDEUS P. HYATT, CHAIRMAN ORAL HYGIENE COMMITTEE OF GREATER NEW YORK, ALSO IN CHARGE OF THE DENTAL DEPARTMENT OF THE METROPOLITAN LIFE INSURANCE CO.

Dr. HYATT. I am chairman of the oral hygiene committee of Greater New York and am in charge of the dental department of the Metropolitan Life Insurance Co. I am a D. D. S. I live in Brooklyn, N. Y.

I have been interested in oral hygiene for the past 25 years. I am not a manufacturer of toothbrushes, nor am I connected in any way with any manufacturer of them; nor do I represent any manufacturer of toothbrushes, either domestic or foreign, but I do feel I represent the interests and welfare of about 18,000,000 American school children. My interest in this question is solely one of health. If it were possible, I should like to have an opportunity to address the whole Senate instead of one committee.

Senator WATSON. No one ever gets that opportunity. [Laughter.]

Dr. HYATT. What I want to bring to your attention is this: We—that is, the oral hygiene committees of the different States—have been teaching the people of this country the use of the toothbrush. We have been teaching the people of this country the value of clean mouths. During the late draft more men were rejected because of mouth conditions than for any other cause except one. It may not be known to the gentlemen of this committee that members of my profession in New York City alone did upward of $800,000 worth of work gratis so that thousands of men were able to qualify to serve their country. It is largely owing to the educational campaign that has been conducted by the oral hygiene committee throughout this country that our "doughboys" who went abroad attracted much attention because of their fine teeth.

If you will realize, gentlemen, the importance of mouth conditions to health and will aid us in this work, it will mean much to the people of the Nation. A democracy depends upon the development of each individual, the development of each individual depends upon his efficiency, and his efficiency depends largely upon his condition of health.

I am sure there is not a man on this committee but who has read in the newspapers accounts of many physical ailments that are related to mouth conditions.

Our Government is spending millions of dollars per annum to maintain the wholesomeness and purity of our food. There is a health department, which, with the educational department, is endeavoring to educate our people along the lines of right living and good health, knowing that good health will increase their efficiency and their value to our country.

We are now confronted with this situation: Associations like the American Red Cross, the New York Association for Improving the Condition of the Poor, municipal and State departments of health, child-welfare organizations, and dental oral hygiene committees

throughout the entire country are teaching the people and children the importance of clean mouths. We teach the children how to care for their teeth and mouths. They are taught toothbrush drills, and we find ourselves handicapped by not being able to supply them with good toothbrushes at a price within their means.

When you realize that there are only two toothbrush manufacturers in America, and they practically manufacture only a specialty, a special toothbrush—and it is one that some men do not approve of—and that they are catering only to the wealthier classes of the people of this country, you will recognize the great need and necessity that we professional men feel there is for an opportunity to procure toothbrushes at reasonable prices, so that the poor man can give every one of his children a toothbrush in order that he may keep his mouth clean.

I remember an examination that I made of several thousand children in New York. A little girl stood before me. I said to her, "You did not clean your teeth." She said, "Yes; I did." I said, "You could not have cleaned them; your mouth is dirty." She started to cry. She said, "My toothbrush is awfully soft." I said, "It is awfully soft?" She said, "Yes; my father uses it first; then my big brother uses it, and when I use it it is very soft."

Senator SMOOT. What kind of a toothbrush do you want?

Dr. HYATT. What I want is that the toothbrush should be put on the free list. I want the toothbrush on the free list so that we can have clean mouths for the people of the United States and have the children develop into strong, healthy men and women. If we can not have the toothbrush on the free list, we ask you in the name of 15,000,000 school children, not to raise the cost of toothbrushes by increasing in any way the duty upon this article. To-day it is not an article of luxury, but a necessity.

I should like to go into the question of what unclean mouths result in, what the effects are on the mucous membrane, and how such conditions retard the development of children. Ninety per cent of our people have unhealthy, dirty mouths. You can not give a greater blessing to this country than to teach children the proper care of their mouths and give them the means to do it with.

Senator LA FOLLETTE. There are only two manufacturers of toothbrushes in the United States?

Dr. HYATT. Yes.

Senator LA FOLLETTE. Where are they?

Dr. HYATT. One is at Florence, Mass. The other is the Rubberset Co.

Senator LA FOLLETTE. What is the name of the toothbrush?

Dr. HYATT. The Florence manufacturers make what they call the Prophylactic toothbrush, and the other is the Rubberset. I do not think they have any other name.

Senator MCLEAN. Are they good brushes?

Dr. HYATT. Yes; for those who can afford to pay their prices.

Senator MCLEAN. They are high-priced brushes, are they?

Dr. HYATT. They are high-priced brushes.

Senator MCLEAN. What do you pay for the Japanese brushes?

Dr. HYATT. The 10-cent brushes that the Japanese make are big, unhandy wide things. I would never give them to the children. However, that is the only one that they can get cheap.

Senator McCumber. Ten cents for the cheap brush?

Dr. Hyatt. Yes.

Senator McCumber. You can buy them at the 10-cent store, I suppose?

Dr. Hyatt. I do not know. They are not good brushes to give to the children.

Senator Watson. Where do the good brushes come from?

Dr. Hyatt. We can get them from France.

Senator Watson. What will they cost?

Dr. Hyatt. They will retail at from 15 to 20 cents apiece.

Senator Watson. What does the Prophylactic toothbrush cost?

Dr. Hyatt. Forty to fifty cents apiece.

Senator McCumber. They have doubled in price since the war, have they not?

Dr. Hyatt. Practically everything has; yes, sir.

Senator McCumber. Prior to that time they were selling for about 25 cents apiece, under normal conditions.

Dr. Hyatt. Yes. Of course, I am not advocating anything but a reduction in the tariff to the extent of having free toothbrushes. That is what we want. The two concerns could not make them all.

BRIEF OF DR. THADDEUS P. HYATT, NEW YORK, N. Y.

The importance of mouth hygiene in its relation to health is now recognized by both the dental and medical professions, as well as by welfare organizations, departments of health, and all associations interested in the health of the people and the development of children.

It has been clearly proven by carefully conducted, scientific research work at the Columbia University by Dr. Gies and Dr. Kleiger that in one milligram of tooth scrapings in a fairly clean mouth there are found by weight and count about 5,000,000 bacteria, whereas in an unclean mouth there are found from five to eight hundred million. An increase multiplied by more than 100.

Another important factor to be recognized is that while there will always be found bacteria in the human mouth the bacteria in a clean mouth are practically harmless, whereas in an unclean mouth they become virulent and poisonous.

In a clean mouth the soft tissues afford ample protection against bacterial invasion into the circulatory system. In unclean mouths the soft tissues become inflamed, soft, and easily bleed, and thus afford open gateways for the entrance of dangerous disease bacteria into the blood stream of the body.

Ninety-nine per cent of backward children with physical defects have unclean mouths with broken-down and decayed teeth. This loss and retardation in the healthy growth of the child is rarely ever entirely overcome, and its results are seen in later adult life by the susceptibility to different physical and mental ailments.

As clean and pure food is necessary for the upbuilding of strong and healthy bodies, it is important that this food be not contaminated with disease germs, either by cooking utensils, plates, knives, or such things. Much more important is it that the mouth be clean and wholesome in which all foods must be masticated and mixed before being digested and assimilated.

In Bridgeport, Conn., a large reduction in children's diseases, such as diphtheria, measles, and scarlet fever, has been brought about through teaching children the care of the mouth. In five years the cost of "held backs," or retarded pupils, was reduced from 42 per cent to 17 per cent. When this can be done throughout the entire country it will mean the saving of millions of dollars and also bring about an increase in the physical, mental, and spiritual efficiency of the people.

The financial interest of a few manufacturers is of less importance than is the health, both physical and mental, of the people and the children of our country.

The income to our Government from any increase in the tariff on toothbrushes will be very small.

The cost to cities, States, and our country through preventable illnesses amounts to billions of dollars every year. Much of the crimes committed come from abnormal mental conditions, which in many cases have been brought about through unhealthy physical development.

As food, air, and water are the sources of life, so are unclean mouths the gateway to sickness, sometimes to insanity, and always to premature death.

The educational department of our Government is sending out information on health throughout the country and is teaching the importance of mouth cleanliness. It would be strange, indeed, after doing this for our Government to increase the cost of the very articles necessary for the maintenance of clean and healthy mouths.

STATEMENT OF GEORGE A. FERNLEY, REPRESENTING THE AMERICAN BRUSH MANUFACTURERS' ASSOCIATION.

Mr. FERNLEY. Before I make any remarks covering the subject of toothbrushes I wish to state that at the present time there is but one real large American manufacturer of toothbrushes. That manufacturer is located at Florence, Mass., and is engaged in manufacturing what is known as the Prophylactic toothbrush, which retails for 35 cents. Prior to the war it retailed for 25 cents.

Senator LA FOLLETTE. Are you sure that it can be obtained for 35 cents now?

Mr. FERNLEY. Yes; I have bought one within the last six weeks.

Senator LA FOLLETTE. I think you are in error about it.

Mr. FERNLEY. I bought one, sir, at Riker & Hegeman's, druggists, in Philadelphia, for 35 cents.

Senator LA FOLLETTE. Isn't that a cut-rate store?

Mr. FERNLEY. It is a cut-rate store; but this was not a special at the time.

Senator LA FOLLETTE. It is a cut-rate price, I am sure.

Senator SMOOT. It is not a cut-rate store in Washington, is it?

Senator MCLEAN. How do the prices of these brushes run?

Mr. FERNLEY. The Japanese brushes range in price anywhere from $4 and $5 to $7 and $8 a dozen.

Senator MCCUMBER. You mean a gross, do you not?

Mr. FERNLEY. A gross; yes, sir.

Senator MCCUMBER. Twelve dozen?

Mr. FERNLEY. Yes. The American manufacturers can not compete. There have been in the past some six or more manufacturers—large manufacturers—of brushes who have attempted to make toothbrushes. They have all gone out of business; so that to-day there remains but one concern. They are able to stay in business only because of their national advertising. That concern has done more for oral hygiene, I think, than even the dental profession. Their slogan, "A clean tooth never decays," has been taken into every home in America by the thousands of national magazines and periodicals in which they advertise.

Senator MCLEAN. Here is a brush that costs in America $34 per gross. That would be less than 3 cents apiece, would it not?

Mr. FERNLEY. No, sir.

Senator MCLEAN. I beg your pardon. I made a mistake there.

Mr. FERNLEY. Our American manufacturers, if given an opportunity to compete, would be very glad to do so and would be very glad to go into the manufacture of toothbrushes.

Senator MCCUMBER. You think if they could compete there would be more than two firms producing toothbrushes?

Mr. FERNLEY. There is the one concern at Florence. That concern, as I have said, advertises very widely, and they sell their product on their advertising.

Then there is the Rubberset Co. They, frankly, do not care particularly about the toothbrush business under present conditions of foreign competition. They only make a high-priced brush.

Senator WATSON. What is the difference in the price?

Mr. FERNLEY. Their brush retails at 50 cents.

Senator WATSON. The Prophylactic brush retails for 35 and 40 cents, does it not?

Mr. FERNLEY. Yes.

Senator WATSON. Is there a combination?

Mr. FERNLEY. Oh, no; not by any means. The Rubberset Co. is chiefly interested in the manufacture of shaving brushes.

Senator WATSON. Do they supply the entire American trade with toothbrushes?

Mr. FERNLEY. Who?

Senator WATSON. These firms that are making them?

Mr. FERNLEY. They supply all that are made in America.

Senator WATSON. Why is it more manufacturers have not engaged in this business?

Mr. FERNLEY. Six of them have. They have been driven out of it. I have a letter from the Henry L. Hughes Co. They spent $50,000 to manufacture toothbrushes. They were driven out of the business by these Japanese brushes.

Senator McCUMBER. What is the name of the firm that manufactures the brush known as the Rolling?

Mr. FERNLEY. It is an English brush.

Senator McCUMBER. That sells for more than 50 cents, does it not?

Mr. FERNLEY. Yes.

It is all very well to talk about a child buying a 10 or 15 cent brush. If it gets a Japanese brush there is almost sure to be trouble. The construction of a Japanese brush is such that it is wire drawn. If one tuft or bristle comes out the entire business comes out. Therefore, if a child pays 15 cents for a brush of that kind and one tuft comes out the brush is useless. The bristles lodge in the child's teeth and give a great deal of trouble. We have all had that experience. But with the Prophylactic toothbrush each tuft is gripped in separately with a separate staple. They have a little wire staple on the end of the bristle and the bristle stays there. If one tuft comes out it does not affect the brush at all.

The price of the Prophylactic toothbrush before the war was 25 cents. I am sure that it will be that again.

Senator WATSON. Did I understand you to say that on these toothbrushes they are wired together?

Mr. FERNLEY. Yes.

Senator WATSON. So that if one comes out they all come out?

Mr. FERNLEY. Yes.

Now, may I call your attention to a letter which was written to the Rubberset Co.? A letter was written to them in which they were asked, "Can you make a brush that will retail for 15 cents?" I think the letter was written for the purpose of getting an expression from the Rubberset Co., so that it could be used before this committee. The Rubberset Co. replied to that letter as follows [reading]:

For your information at this time we wish to say that we have invented and now have a machine for making toothbrushes that will no doubt produce them at very moderate prices, but if the Government is going to continue to allow

Japan to ship toothbrushes into this country from $4 to $6 per gross you can readily understand that no American manufacturer has a living chance to develop the manufacture of a satisfactory toothbrush to be sold in this country at a reasonable price.

All we ask is a fair chance to develop our toothbrush factory, which we are confident will in time produce satisfactory toothbrushes made mechanically at a low price.

Senator SMOOT. What rates are you asking for?

Mr. FERNLEY. We are asking for 60 per cent ad valorem, foreign valuation, or the equivalent American valuation, whatever your committee determines that is.

Senator SMOOT. Sixty per cent foreign valuation?

Mr. FERNLEY. Yes.

Mr. Chairman, would it be possible for me to make a few remarks without having them appear in the record?

Senator LA FOLLETTE. Let us put them in the record and decide afterwards.

Mr. FERNLEY. Very well. The matter that I want to speak about is this: I have a letter from the receiver of the Grand Rapids Brush Co., of Grand Rapids, which is dated November 21, offering the plant for sale. That was about the third largest brush factory in the United States. Its plant is now for sale. It did not make toothbrushes. It was unable to compete on other sorts of toilet brushes. It went into bankruptcy.

Senator WATSON. There may be a number of reasons for that. Do you know whether it was mismanagement, lack of capital, or what it was?

Mr. FERNLEY. That, of course, is a matter there can be various opinions about, but it is my opinion, and the opinion of many others, that it was caused largely by foreign competition.

Senator SMOOT. Was there any trade developed in this country under the Payne-Aldrich bill? What were the importations then?

Mr. FERNLEY. No, sir. The importations of Japanese brushes, as you will note from the brief filed by Mr. Morrison, have increased from half a million 20 years ago to, as Mr. Gibson testified, four million, foreign value. The output of the American manufacturers—and there are 60 manufacturers of American toilet brushes——

Senator LA FOLLETTE (interposing). Are you speaking now of toilet brushes and not toothbrushes?

Mr. FERNLEY. Toilet and toothbrushes.

Senator LA FOLLETTE. But you are including toilet brushes in the figures you are giving?

Mr. FERNLEY. I shall gladly eliminate toothbrushes, if you wish me to.

Senator LA FOLLETTE. I have been looking for a separation of toothbrushes from the other toilet brushes in the Government reports on importations. I find that they are not separate.

Mr. FERNLEY. No, sir; that is unfortunate.

Senator LA FOLLETTE. I do not know how you would be able to get them.

Mr. FERNLEY. No, sir; I am speaking of all toilet brushes.

Senator LA FOLLETTE. I just asked the Government experts in attendance to wire for them. I am going to get the importations of toothbrushes from all countries.

Mr. FERNLEY. The domestic output at wholesale prices is about $10,000,000 a year. That is the product of some 60 factories. There is only one large factory making toothbrushes in large quantities.

Senator SMOOT. In 1912 how many were making toothbrushes in the United States?

Mr. FERNLEY. In 1912, to the best of my knowledge and belief, there were four—five.

Senator LA FOLLETTE. Name them, please.

Mr. FERNLEY. The Florence Manufacturing Co.

Senator LA FOLLETTE. You are speaking of toothbrushes?

Mr. FERNLEY. The Rubberset Co.; Gerts-Lombard Co., Chicago; Ames-Bonner Co., Toledo; and the Henry L. Hughes Co., Troy, N. Y.

Senator WATSON. What do they make these brushes out of?

Mr. FERNLEY. The toothbrushes made by American manufacturers are made of bristles—Russian bristles.

Senator WATSON. They are hog bristles, are they not?

Mr. FERNLEY. Yes. They come from Siberia.

Senator WATSON. What about these [indicating Japanese toothbrushes]?

Mr. FERNLEY. Some are made of bristle; some are made of split quill. Then, there is another substitute that they use called tierre, or something like that. They are not pure bristles.

BRISTLES.

[Paragraph 1408.]

STATEMENT OF JAMES H. PRESTON, REPRESENTING THE WILLIAM WILKENS CO., BALTIMORE, MD.

Mr. PRESTON. I represent the William Wilkens Co., hair goods manufacturers, bristle manufacturers, and we are here to discuss paragraph 1408 of the pending bill.

Senator SMOOT. Fourteen hundred and eight covers bristles, assorted, bunched, or prepared, 7 cents per pound, and I suppose that is what you want?

Mr. PRESTON. May I say briefly and in a preliminary way that the William Wilkens Co. is a corporation of Baltimore employing 500 people and were practically the only American manufacturers of bristles and using the American bristle in the United States.

Senator McCUMBER. You do not manufacture the brushes?

Mr. PRESTON. No, sir; we are not manufacturers of brushes, but only the bristles of the brush. In your schedule, Senator McCumber, they called it in their letter and telegram to me brushes, but the section to which they referred and which we have now under consideration, I think, is bristles. We are the only and the largest bristle concern in the United States and the only concern using American bristles in the United States.

When the application was made to this committee for consideration of its claim——

Senator WATSON. The paragraph covers bristles, assorted, bunched, or prepared, 7 cents per pound; is that the one to which you are addressing yourself?

Mr. PRESTON. It is on page 190 of the brief I have, paragraph 1408, bristles, not crude, bunched, or prepared.

Senator SMOOT. But it is 1408, and reads "bristles, assorted, bunched, or prepared, 7 cents per pound."

amount imported was 2,500,309 pounds; for the first 10 months of 1920, 3,774,914 pounds; for the first 10 months of 1921, 2,888,564 pounds, the imports running about the same since 1912.

BRIEF OF JAMES H. PRESTON, REPRESENTING THE WILLIAM WILKENS CO., BALTIMORE, MD.

Availing myself of your permission accorded me at the hearing on paragraph 1579 of the pending tariff bill, relating to hair, and paragraph 1408, relating to bristles, I beg to say that with reference to paragraph 1579 no further comment is necessary.

It is certainly true that if the policy of the committee is to protect American labor and American manufacturers and to place on the free list hair of horses, cattle, and other animals, then the words "cleaned" and "drawn" should be omitted, so that the paragraph will read:

"Hair of horses, cattle, and other animals, unmanufactured, uncleaned and undrawn, not specially provided for."

This will do what I imagine the original law contemplated—place the raw material on the free list.

With reference to paragraph 1408, relating to bristles, I beg to say that the committee will recall that Senator McCumber during the argument raised the question of making the entire duty on finished bristles an ad valorem duty, eliminating the specific duty.

If the committee were to make this 20 per cent, instead of 15 per cent, and leave out the 7 cents per pound, it would, of course, be better for the manufacturers using the long lengths of bristles, but the short lengths sell as low as 30 cents per pound, and there are many more of them than there are of the long lengths, and it occurs to me that in the interest of both the manufacturers and the revenue of the Government the specific duty of 7 cents, plus the ad valorem duty of 15 per cent, would bring more equitable results for the manufacturers and for the Government in increased revenue.

However this may be, the important thing to remember is whether the American product is to be permitted to be used, for on your solution of this question will depend the existence of the company I represent and all others using the bristles from the American hog.

The Chinese, Japanese, and Siberian bristles have now driven the American product entirely out of the market, and the reorganization and continuance of this industry is entirely dependent on the determination of this question by your honorable body.

It is not of the first importance whether this duty be ad valorem or specific, though it would appear that the wide range of prices between 30 cents a pound and $5 a pound makes a parity in price by specific duty difficult to definitely determine.

The duty will also be more easily collected, and there will be a closer approximation to exact justice, if an ad valorem duty is determined upon, perhaps, in addition to the specific duty.

I am inclosing herewith a list of the prices on the various sizes of a particular brand of Chinese bristle, showing the wide variation in price per pound for the different lengths, which will inform you as to these relative values and as to how many pounds of each length are obtained from a given weight of raw bristles, designated as not cleaned, assorted, or prepared.

May I reiterate that there being $5,000,000 of imported Chinese and Japanese material, a 15 per cent ad valorem duty would produce $750,000 per year, where we are now getting nothing?

This is based on the figures for 1919, and it is estimated that in 1922 a 15 per cent ad valorem duty would amount to upwards of $1,000,000.

Wholesale selling price and per cent of Chinese bristles manufactured from crude brush, Dec. 27, 1921.

	Wholesale selling price.	Per cent.		Wholesale selling price.	Per cent.
2¾-inch taper	$0.50	12.38	4¼-inch solid	$2.05	4.47
3-inch taper	.77	14.18	4½-inch solid	2.69	3.16
3-inch solid	.80	4.79	4¾-inch solid	3.50	1.62
3½-inch solid	.90	9.12	5-inch up	5.00	5.44
3¾-inch solid	1.12	6.17	Waste and dirt	.....	25.56
3¾-inch solid	1.26	6.77			
4-inch solid	1.68	6.44		.....	100.00

VEGETABLE-IVORY BUTTONS.

[Paragraph 1410.]

STATEMENT OF R. C. LAUB, ROCHESTER, N. Y., REPRESENTING THE VEGETABLE-IVORY BUTTON INDUSTRY.

Mr. LAUB. Mr. Chairman and gentlemen, I would simply like to file this brief without taking your time for a hearing.

Senator McCUMBER. That will be printed.

Senator SMOOT. What paragraph does that relate to?

Mr. LAUB. Paragraph 1410.

(The brief is as follows:)

The manufacturers of vegetable-ivory buttons in this country give employment to approximately 6,000 people under normal conditions.

Outside the United States the vegetable-ivory button industry is centered largely in Germany, Austria, Italy, and Japan. There are practically no vegetable-ivory buttons made in England or France.

Vegetable-ivory buttons are made from vegetable-ivory nuts (or Tagua nuts), which are imported from South America.

The control of this material (Tagua nuts) was before the war and is again to-day very largely in the hands of European interests.

The American manufacturer has never had an advantage in the purchase of raw material over the foreign manufacturer, and at times the American manufacturer has had to work at a disadvantage because of the best types and qualities of nuts being sent to Europe.

The control of practically all commercial machinery used in the manufacture of vegetable-ivory buttons is in German hands.

Because of the many recent developments and the fact that Europeans are quoting lower prices than ever before in the history of our industry, we find that we can not survive against the German, Austrian, and Italian competition unless we have a higher duty than that proposed by the House bill 7456, paragraph 1410.

We wish to submit certain facts and figures for your consideration in making your final decision as to the tariff to be placed on vegetable-ivory buttons.

On August 11, 1921, we obtained by cable prices that were then being quoted by the German and Austrian manufacturers. They were:

Plain colors and black (carded and boxed):

Sizes.	Per gross.	Sizes.	Per gross.
24-line [1]	$0.40½	40-line	$1.44
30-line	.67½	45-line	1.80
36-line	1.08	50-line	2.88

(These transpositions were made at $0.125 per mark, the rate of exchange at time of quotation.)

At present rate of exchange ($0.004 to the mark) the German and Austrian prices would figure about—

Sizes.	Per gross.	Sizes.	Per gross.
24-line [1]	$0.13	40-line	$0.46
30-line	.22	45-line	.58
36-line	.35	50-line	.92

assuming that prices in marks have not advanced. It is our understanding, however, that they have advanced about 15 per cent, which is, of course, a negligible factor when considered in dollars.

We have also obtained the latest Italian prices.

A. Best quality Italian goods, carded and boxed.

Polished solid colors: [2]

Sizes.	Per gross.	Sizes.	Per gross.
24-line [1]	$0.31	40-line	$0.91
30-line	.47	45-line	1.25
36-line	.75	50-line	2.26

[1] A "line" is equal to one-fortieth of an inch.

[2] 5 per cent less for blacks.

B. Medium quality Italian goods, carded and boxed.

Polished solid colors:[2]

Sizes.	Per gross.	Sizes.	Per gross.
24-line[1]	$0.31	40-line	
30-line	.47	45-line	$1.10
36-line	.67	50-line	1.69

Some Italian manufacturers have already established agents in this country and they are quoting the above prices in New York and elsewhere. These prices compared to our present average prices for similar classes of goods, namely:

A. Our fine quality carded buttons against which German and Austrian buttons will compete.

Sizes.	Per gross.	Sizes.	Per gross.
24-line[1]—		40-line —	
Solid colors	$1.80	Solid colors	$5.30
Blacks	1.40	Blacks	4.15
30-line—		45-line—	
Solid colors	2.25	Solid colors	7.25
Blacks	1.75	Blacks	6.00
36-line—		50-line—	
Solid colors	4.10	Solid colors	12.30
Blacks	3.15	Blacks	9.90

B. Our medium and cheaper quality carded buttons against which Italian buttons will compete.

Sizes.	Per gross.	Sizes.	Per gross.
24-line[1]—		40-line—	
Solid colors	$1.25	Solid colors	$3.75
Blacks	1.00	Blacks	3.25
30-line—		45-line—	
Solid colors	1.50	Solid colors	6.00
Blacks	1.25	Blacks	5.00
36-line—		50-line—	
Solid colors	1.80	Solid colors	9.00
Blacks	1.60	Blacks	8.00

This shows very clearly how inadequately we would be protected against the German, Austrian, and Italian competition by the tariff proposed by the House bill.

Although we are giving you these prices to show what Germany, Austria, and Italy can do in the way of competing with us to-day, we do not wish to stress this point too strongly as forecasting the future, because prices in these countries, especially Germany, do not have sufficient constancy to mean a great deal, except for a given period. However, the trend of prices in these countries is downward, when measured in dollars, and it is a fact that Germany especially has been selling "for home consumption" at considerably lower prices than she gets for export. This is made possible by the low value of the mark and the fact that Germany bases her prices for export on the world's market values, always quoting just enough under the market price to get the business. However, it has been very apparent that Germany could cut her prices anywhere from 20 per cent to 30 per cent without touching her legitimate profits or going as low as her "home" prices.

The ability of Germany and Austria to make the fine quality buttons so much cheaper than we can make them in this country is due entirely to the tremendous difference in labor costs. The labor cost in the manufacture of vegetable-ivory buttons is the largest single item entering into such manufacture—our costs, on the average, being made up of 75 per cent for labor and overhead as against 25 per cent for materials. In fact, we know of no other industry that carries so great a percentage of labor against material in the cost of production.

The large part taken by labor in manufacturing this article is shown by an extract from "Tariff Information Series No. 4" on the button industry, page 35. (Please see section A of Appendix, for quotation.)

[1] A "line" is equal to one-fortieth of an inch.

[2] 5 per cent less for blacks.

It has been impossible for us to obtain figures showing the wages paid in the vegetable-ivory button industry in Germany at the present time, but we have obtained through the courtesy of the Department of Commerce, as late as July 26, 1921, figures showing the wages paid in Germany in a great variety of industries. The wages paid in the button industry in Germany are generally somewhat lower than those paid in the larger industries. Furthermore, the figures we have obtained are the wages paid in the Dusseldorf region and were said by the Department of Commerce to be the highest wages paid in Germany at that time. (These wages are shown in section B of the Appendix.)

So as to make a very fair comparison, we use below for Germany, the highest wages paid for work similar to the various operations in making buttons and for Italy the wages paid in the button industry. This shows a comparison with wages paid in the United States to-day, as follows:

Wages per day of eight hours.

Operation.	Germany.		Italy.		United States.
	Marks.	Equivalent.	Lire.	Equivalent.	
Turners	56	$0.70	9	$0.36	$5.12
Sawyers	57	.71	11	.44	5.45
Dyers	57	.71	9	.36	6.25
Mechanics	55	.69	9	.36	6.35
Hand workers	34	.42	5	.20	2.50
Sorters (female)	34	.42	5	.20	2.50
Foremen	100	1.25	25	1.00	9.50
Total	393	.....	73	.....	37.67

(NOTE.—In Section C of the appendix we show the industry from which we have taken the German wages because of similarity of work. The dollar equivalent of the German wages is figured at the rate of $0.0125, as that was the rate last July and August when these figures were obtained.)

In other words, $1 here buys the same amount of labor as 10.43 marks does in Germany or as 1.95 lire does in Italy.

It is then a simple matter to figure out in a general way the relative cost of producing a button here and a similar button in Germany or Italy. We will start with an assumed lot of buttons that cost $100 to produce in our factory and show what it would cost to produce this same lot of buttons in Germany or Italy to-day.

A. We will first consider Germany.

As the cost of producing the buttons is divided on the basis of about 75 per cent for labor and overhead and 25 per cent for materials, we get the following comparisons: (The following figures are, of course, general comparisons, and are simply given to prove by example that the low exchange rates do not work against our foreign competitors even though they have to import their raw material.)

Labor and overhead in United States, $75: in Germany, 782.25 marks. Materials in United States (due to the low value of the mark), $25; in Germany, 2,000 marks. In United States $100 worth of buttons equals 2,782.25 marks ($34.77) in Germany, (based on the rate of 1 mark being equal to $0.0125, which is a high rate compared to recent quotations, but is used to make our figures consistent, as that was the rate at time our figures on wages were obtained).

Thus, in a general way it can be said that a lot of buttons that costs us $100 to produce to-day can be produced in Germany for the equivalent of $34.77. In other words, a button which would cost us $1 per gross to produce in our factories can be produced in Germany for the equivalent of $0.347 per gross.

B. As to the situation in Italy—

Labor and overhead in United States, $75; in Italy, 146.25 lire. Materials in United States, $25; in Italy, 625 lire. In United States $100 worth of buttons equals 771.25 lire in Italy.

Lire 771.25 equal $30.85 (with all the above based on a rate of exchange of 1 lira being equal to $0.04.)

Then, in a general way, it can be said that a lot of buttons that cost us $100 to produce can be produced in Italy for the equivalent of $30.85. In other words, a button which would cost us $1 per gross can be made in Italy for the equivalent of $0.308 per gross.

In connection with the above figures it must be borne in mind that Germany and Austria in particular produce very good buttons at very low prices, and such competition from these countries would make it utterly impossible for us to compete against them or survice.

We therefore ask for a duty of not less than 2 cents per line and 50 per cent ad valorem and request that you change paragraph 1410 to read as follows:

"Buttons of vegetable ivory and/or horn finished or partly finished, 2 cents per line per gross and 50 per cent ad valorem. Vegetable-ivory blanks not drilled, dyed, or finished, 1¼ cents per line and 15 per cent ad valorem."

We especially emphasize the great need for adequate duty on the large sizes, viz, 36 line and over.

The request for the above rates of duty is based on the assumption that the American valuation plan of assessing duties will be adopted. If this plan or some other plan equally as good is not adopted, it is apparent that we will need a much higher duty than that requested above.

Any duty lower than the one proposed in this brief will not be a duty for protection but will be a duty for revenue only, and will mean the gradual extinction of the domestic industry and the importation of all buttons used. We are to-day worse off than ever before in our history because foreign monies have decreased much more rapidly than wages have increased which makes their prices lower than ever before, when measured in dollars.

You will also notice that we have included horn buttons with vegetable ivory buttons. Horn buttons formerly came under the class "not specially provided for." This change is very important to us. Horn buttons compete directly with vegetable ivory buttons and the importation of horn buttons will prove to be nearly as great a menace to the vegetable ivory button industry of this country as the importation of vegetable ivory buttons unless we are accorded equal protection on both.

We also invite you to read carefully the statements we show on the following pages which, while they do not have a direct bearing on the button industry, show clearly in an indirect way the fact that an industry like ours facing the possibility of great competition from Germany and Austria must have very adequate protection if the industry is to survive in the United States and furnish employment for the number of people that have been employed in it in the past.

The facts and figures which follow have been prepared on information obtained through the courtesy of the Department of Commerce.

December 3, 1921.

VEGETABLE IVORY ASSOCIATION (INC.),
ROCHESTER BUTTON CO.,
ART IN BUTTONS (INC.),
Comprising the entire industry of 22 factories.

AUGUST 23, 1921.

TO SENATE FINANCE COMMITTEE, *Washington, D. C.*

GENTLEMEN: We respectfully request that the Senate Finance Committee grant us a higher duty than contained in the House bill, as according to more recent reports received from Germany, the vegetable ivory button industry can not survive against the competition of Germany and Austria, unless granted a higher duty. The House bill on the statement of the Ways and Means Committee means a rate of 38 per cent as against the 45 per cent contained in the Underwood bill.

The Vegetable Ivory Button Association (Inc.) was organized in 1918 at the request of the War Trade Board for the purpose of assisting in the allocation of raw material which has to be imported from South America.

We attach hereto a chart prepared by the War Industries Board for the period 1913–1918 and also a diagram (prepared by a leading Chicago clothing manufacturer) giving the relatively slight advance in the price of vegetable ivory buttons as compared with the advance in the price of other commodities entering into the manufacture of clothing during the period 1914–1920. It is thus clearly shown that neither the Vegetable Ivory Association nor its members used the organization to advance prices.

We earnestly ask that you grant our request.

Yours, very truly,

VEGETABLE IVORY ASSOCIATION (INC.),
S. P. MENDEL, *President.*

APPENDIX.

Section A—Process of manufacture.—The manufacture of ivory buttons is a series of steps involving many operations and considerable time before the finished product is ready for the market. From 6 to 14 months is the average time consumed in the various processes of manufacture.

The nuts are first dried from three to six weeks, then placed in revolving drums containing weights which crack off the hard shell. After this they are taken to the "scabbing table," where they are inspected for small particles of the shell which may not have been removed. From the scabbing table they go to the saw room, where they are cut into pieces or slabs. The slabs are put through a period of drying to prevent any warping, after which they are again sorted by machinery before going to the turning room. Here they are put into a hot bath to moisten the outer surface and prevent cracking, after they are placed on the lathe and rapidly turned into a finished button blank.

In the drilling room automatic machinery drills and reams the necessary holes; the buttons then are placed in tumbling barrels containing polishing material, which gives a very smooth surface and prepares for dyeing.

If the buttons are to be mottled, they are first soaked to open the pores, then placed face up on a pin board, which goes to a dyer, who places a chart over the board and with the aid of an air brush sprays the buttons with a "resist" dye. The chart is removed and the board goes to a second dyer, who with the aid of a similar chart sprays the buttons with the color dye.

The buttons are well dried, taken from the pin board and placed in a bath, or developer, which brings out the spray color and makes it fast. The "resist" is now removed, and the button is complete, though dull in appearance. In order to bring out the color and finish, the buttons are again drummed, and when taken out have a high luster. After the buttons have been colored the finishing process depends on the style and effect desired. The buttons may pass through three to seven different departments in which there is much special and automatic machinery. Some of these finishing processes are known as buffing, hand polishing, automatic and machine polishing, pressing, carving, milling, sand blasting, shanking, satin finishing, lettering, etc. From the finishing department the buttons go to the carding room, where they are individually inspected, sorted, shaded, and carded.

Section B.—The following figures were furnished by the Department of Commerce and show wages paid in Dusseldorf, Germany, in a number of different industries. It is also said that these wages are the highest paid in Germany:

Iron industry (expert workers).

	Per hour.		Per day of 8 hours.	
	Marks.	*Cents.*	*Marks.*	*Cents.*
Iron foundry	8.51	11.0	68.08	85
Brazier forge	7.06	8.8	56.48	71
Turnery	7.36	9.5	58.88	73

Fine mechanic industry (expert workers).

	Per hour.		Per day of 8 hours.	
	Marks.	*Cents.*	*Marks.*	*Cents.*
Over 25 years	6.94	8.6	55.52	69
Over 21 years	6.65	8.3	53.20	67
Over 18 years	4.62	5.7	36.96	46

Alimentation, fodder, chemical, and drug industries (storeroom workers).

	Per hour.		Per day of 8 hours.	
	Marks.	*Cents.*	*Marks.*	*Cents.*
Over 22 years	5.75	7.2	46.00	57.6
Over 20 years	5.20	6.5	41.60	52.0
Over 18 years	4.25	5.3	34.00	42.0

Wood industry.

	Per hour.		Per day of 8 hours.	
	Marks.	*Cents.*	*Marks.*	*Cents.*
Lathe carpenters	7.00	8.8	56.00	70.0
Machine carpenters	7.10	8.9	56.80	71.0
Assistant workmen	6.50	8.1	52.00	64.8

Paper industry (regular workers).

	Per hour.		Per day of 8 hours.	
	Marks.	*Cents.*	*Marks.*	*Cents.*
From	6.00	7.5	48.00	60
To	5.30	7.9	50.40	63

NOTE.—The above transpositions to American money are made at the rate of 1 mark being equal to $0.0125, which is a high rate compared to recent quotations.

Section C—Turners.—Would compare quite favorably with "lathe carpenters," class D.

Sawyers.—Compare quite favorably with "machine carpenters," class D.

Dyers.—These are skilled workers. We are thus using a high average rate for skilled workers in Germany, and a rate higher than shown for "chemical industry," class C.

Mechanics.—From class B, over 25 years.

Hand workers.—Unskilled female workers; hence, lowest wages both here and in Germany.

Sorters.—Unskilled female workers; hence, lowest wages both here and in Germany.

Foremen.—Estimated pro rata with other labor.

GENERAL INFORMATION.

[Frankfurter Zeitung's figures.]

Statement A.—"The cost of German (working class) living, according to the Federal Statistical Office, reached in January last an index figure of 924 (100 in 1914), which is the highest point reached. It has since fallen to 800. The Frankfurter Zeitung's elaborate wage data show that the wage index has risen since 1914 from 100 to 1,132. It follows, therefore, that the average German workman gets for his present wage about 30 per cent more value in housing, food, clothing, etc., than he got in 1914; that he lives 30 per cent better. More striking still is the picture if developments since the beginning of 1920 are separately taken. Since then the cost of living has risen only about 50 per cent, whereas the average wage in all German industries has more than doubled.

	1914.	January, 1920.	May, 1921.
Cost of living index	100	583	880
Wages index	100	539	1,132

DEMANDS OF LABOR.

"These figures show that up to the beginning of last year the German workman's wage had not risen quite as much as the cost of living, but that since then wages have risen much more than living cost, so that the standard of life has materially improved.

"On this fact is based Germany's present ability to undersell rivals. A different picture is received when one considers the German workman's willingness to accept a lower level of comfort in order that reparations may be made possible. There is very small prospect that the workman will submit to this. He accepts at present a low gold wage merely because the cost of living, also when calculated in gold, is more than correspondingly low."

NOTE.—Figures show that the wages in Germany are only one-tenth to one-fifth (depending on the industry) of what they are here when figured on a gold basis.

Statement B.—From many quarters we hear the statement that Germany has no real advantage in international commerce because of the value of the mark, as it is necessary for her to buy her raw material in that same depreciated currency. To a certain extent this does affect the prices of those articles made from imported raw materials; but those who argue this viewpoint alone apparently fail to take into consideration the fact that Germany is able to produce many of the articles she exports from raw materials found or chemically produced within her own country, and they also apparently fail to take into consideration one of the fundamental principles of production, viz, that in most manufactured articles the cost of raw material alone goes to make up a very small percentage of the selling price of the finished article, the balance being made up of labor costs, overhead, taxes, interest charges, selling expenses, and profit, all of which is paid for and figured in Germany to-day in a fiat money.

In order to know where we stand against German competition to-day, in our foreign markets or here at home, it is necessary to make comparisons of prices in Germany on the basis of some common standard of value, and the best standard to use to-day is the gold dollar. A comparison of prewar prices in Germany in marks with present prices in marks and the percentage of decrease or increase in those prices, based on marks, means very little or nothing to us, because it fails to give an accurate picture of what it means in international commerce. The price of an article made in Germany before the war might have been 20 marks. To-day the price of that article may be 200 marks. That appears to be a very big increase. But where, before the war, we would have had to quote $4.60 to compete with the German goods, to-day we would have to quote $3 to compete with the same article.

Thus, to properly reflect the average increase in prices (or costs) in Germany as they affect international commerce, it is necessary to reduce the marks to dollars at current rates of exchange for the periods indicated. The percentage of decrease or increase in prices is then figured on dollar values, and this gives a basis of comparison with the increases in prices that have taken place in this country.

Only in those cases where the percentages of increase in prices in Germany, based on the dollar equivalents, is as high as or exceeds the increase in this country for the same period are we in as good a position to compete against German articles in foreign countries to-day as before the war. In no case in the list of the 62 commodities shown is the percentage of increase in Germany, based on the common unit of value, as great as the increase in this country for the same period, and some commodities in Germany were actually lower in January, 1921, than before the war.

The average increase over the total 62 commodities shown was but 27 per cent. That is an important figure.

Everyone knows the tremendous increase in prices in this country from 1914 to January, 1921.

The decrease in prices of grains and building materials in Germany, as shown by the table, is undoubtedly accounted for in part by the fact that the German Government has been subsidizing these articles. The decrease in the price of silver is probably the result of the sharp break in the silver market throughout the entire world in June and July, 1920.

PRICES OF COMMODITIES IN GERMANY.

The following is a table giving 62 of the principal commodities, their prewar prices in marks, and their dollar equivalents, with transportation made at prewar average rate of exchange and the prices in marks in January, 1921, with their dollar equivalents, transportations being made at $0.015 per mark, the average rate of exchange for January, 1921, and also the percentage of decrease or increase in these commodities, based on the dollar equivalents.

Comparison of average prewar prices with those of January, 1921.

Article.	Average prewar prices.		Prices of January, 1921.		Per cent increase or decrease based on dollar equivalent.	
	Marks.	Dollar equivalent.	Marks.	Dollar equivalent.	Decrease.	Increase.
Foodstuffs, etc.:						
Wheat.....per 100 kilos..	21.50	4.83	178.00	2.67	44	.....
Rye.....do....	18.20	4.14	150.00	2.25	45	.....
Oats.....do....	18.80	4.18	200.00	3.00	28	.....
Barley.....do....	16.10	3.68	145.00	2.17	41	.....
Maize.....do....	16.25	3.74	360.00	5.40	.....	44
Potatoes.....per 50 kilos..	4.20	.98	45.00	.67	31	.....
Beans.....per kilo..	.24	.06	2.50	.04	33	.....
Peas.....do....	.16	.04	4.00	.06	.....	50
Lentils.....do....	.19	.05	7.00	.10	.....	100
Rice.....do....	.26	.06	6.25	.09	.....	50
Eggs.....per M..	66.00	15.25	2,650.00	39.75	.....	160
Lard.....per ½ kilo..	.57	.12	14.50	.21	.....	75
Meat.....do....	.54	.12	10.80	.15	.....	25
Margarine.....do....	.54	.12	13.75	.20	.....	66
Butter.....per 50 kilos..	119.00	27.00	3,300.00	49.50	.....	83
Milk.....per liter..	.20	.05	2.62	.04	2	.....
Condensed milk.....per 48 tins..	19.70	4.60	485.00	7.20	.....	56
Cocoa powder.....per kilo..	1.10	.23	35.00	.52	.....	126
Sugar.....per 100 kilos..	43.00	9.90	420.00	6.30	36	.....
Beer.....per hectoliter..	20.00	4.60	180.00	2.70	41	.....
Hay.....per 50 kilos..	3.20	.70	72.00	1.08	.....	54
Hops.....do....	155.00	35.75	2,200.00	33.00	5	.....
Textiles, leathers, etc.:						
Cotton.....per kilo..	.67	.15	29.00	.43	.....	186
South German wool.....do....	1.72	.41	92.00	1.38	.....	236
Silk.....do....	46.00	10.60	1,050.00	15.75	.....	48
Cotton yarn (36).....do....	2.02	.46	69.00	1.03	.....	123
Skins (box calf).....do....	1.15	.26	19.00	.28	.....	7
Leather (sole).....do....	2.80	.64	70.00	1.05	.....	64
Shoes (box calf).....per pair..	11.00	2.53	180.00	2.70	.....	6
Minerals:						
Gas nut coal.....per ton..	13.75	3.16	238.00	3.57	.....	13
Pit anthracite.....do....	11.65	2.68	198.00	2.97	.....	10
Foundry coke.....do....	17.50	4.04	300.20	4.00	1	.....
Rhenish brown coal.....do....	13.30	3.06	160.00	2.40	21	.....
Machine-pressed peat.....do....	2.30	.53	450.00	.67	.....	26
Raw spar.....do....	12.90	2.97	271.00	4.06	.....	36
Foundry pig iron.....do....	75.50	17.37	1,660.00	24.90	.....	43
Rolled iron.....do....	87.50	20.12	1,895.00	28.42	.....	41
Iron scrap and Ia steel.....do....	46.00	10.58	1,000.00	15.00	.....	42
Iron bars.....do....	98.00	22.54	2,440.00	36.60	.....	62
Copper.....per kilo..	1.34	.31	21.00	.31	.....	.....
Tin.....do....	3.03	.70	60.00	.90	.....	28
Zinc.....do....	.46	.11	6.35	.09	18	.....
Lead.....do....	.40	.09	5.75	.08	11	.....
Aluminum.....do....	1.70	.39	45.25	.68	.....	75
Nickel.....do....	3.23	.74	45.25	.68	8	.....
Silver.....do....	236.00	54.28	1,215.00	18.22	66	.....
Miscellaneous:						
Machine oil.....per 100 kilos..	40.00	9.20	1,650.00	24.75	.....	168
Petroleum.....do....	26.00	5.98	779.00	11.68	.....	95
Benzine.....do....	35.00	8.05	800.00	12.00	.....	48
Benzol.....do....	28.50	6.55	560.00	8.40	.....	28
Paper (for newspaper).....do....	21.50	4.95	300.00	4.50	10	.....
Cement.....per 10 tons..	341.00	78.43	3,100.00	46.50	40	.....
Bricks.....per M..	25.00	5.75	300.00	4.50	21	.....
Fertilizing salt.....per 100 kilos..	6.20	1.43	38.80	.58	60	.....
Sulphur ammonia.....per kilo..	1.15	.26	12.00	.18	30	.....
Nitrogenous lime.....do....	1.10	.25	10.70	.16	36	.....
Kainite.....per 100 kilos..	1.20	.28	7.20	.11	60	.....
Brown leather dyes.....do....	4.50	1.06	90.00	1.35	.....	27
Spirits.....per hectoliter..	35.00	8.05	700.00	10.50	.....	30
Tar oil.....per 100 kilos..	6.00	1.38	260.00	3.90	.....	18
Calcium carbide.....do....	19.50	4.49	350.00	5.25	.....	47
German sodium saltpeter....per kilo..	1.23	.28	15.00	.23	18	.....
					706	2,396
						706
						1,690
Average increase over all.....	.....	.....	.....	.....	.....	27

PEARL AND AGATE BUTTONS.

[Paragraphs 1410 and 1411.]

STATEMENT OF THEODORE G. ROBINSON, REPRESENTING THE MOTHER-OF-PEARL FEDERATED COMMITTEE, NEW YORK, N. Y.

We address you on behalf of all the members of the Ocean Pearl Button Manufacturers' Association and the Mother-of-Pearl Industry Association, together with 15 other manufacturers of ocean pearl buttons, not members of either association, who have requested that we represent them. These manufacturers compose practically 100 per cent of the manufacturers of ocean pearl buttons in the United States.

On February 10 of this year we appeared before the Committee on Ways and Means of the House of Representatives to urge a change in the duty on buttons of pearl or shell to 2½ cents per line per gross and 25 per cent ad valorem, and a duty on pearl or shell button blanks of 2 cents per line per gross and 25 per cent ad valorem, the line button measure being one-fortieth of 1 inch. In the bill sent to you by the House of Representatives (H. R. 7456) the rate of duty was fixed at 1¾ cents per line per gross and 15 per cent ad valorem. We desire to urge the earnest consideration of your honorable committee to the need of our industry for the full measure of protection we asked in our representations before the House of Representatives and that paragraph 1410 of H. R. 7456, so far as it relates to pearl buttons, be changed to read as follows:

"Buttons of pearl or shell, finished or partly finished, 2½ cents per line per gross and 25 per centum ad valorem; pearl or shell button blanks, not turned, faced, or drilled, 2 cents per line per gross and 25 per centum ad valorem."

We would call your attention to the fact that the rates we ask are not without precedent, but were provided for in the tariff bill of 1890.

On December 16, 1919, we made extensive representations regarding the needs of our industry to a subcommittee of your honorable committee. We also aided in the extensive investigation of the button industry made by the United States Tariff Commission prior to that time, resulting in its report entitled "Tariff Information, Series No. 4." This information was brought up to date and supplemented in the representations referred to above, made to the Committee on Ways and Means of the House of Representatives.

In view of the extended information at your command, and to conserve the time of your honorable committee, we are not requesting your time in a hearing but do urge in this manner that the protection needed be provided in the bill you recommend to the Senate, so that the present standard of living of our employees may be maintained and that our industry may be permitted to continue in this country.

The fact that the pearl-button industry in Japan is one of the so-called cottage industries has been called to the attention of Congress in the representations referred to above. The unfairness is obvious of requiring our labor to compete on an unequal basis with the product of such industries, which are comparable to the old sweat-shop product of this country; but the disproportion in the percentage of female and child labor embodied in the Japanese product has not been called to your attention. The following proportions for the United States are calculated from the division of labor in the button industry shown in Table 220 of the Abstract of the Census of Manufactures for 1914, page 531, United States Bureau of the Census. The proportions for Japan are calculated from figures which appear in the exhaustive "Report on Japanese Labor" made by Mr. Oswald White, His Majesty's vice consul at Osaka, in March, 1919, for presentation to Parliament, and are based upon the assumption that the proportion of female and child labor is the same in the button industry as in the other textile industries.

Proportion of male and female labor.

Age.	Male.	Female.	Age.	Male.	Female.
Japan:	*Per cent.*	*Per cent.*	United States:	*Per cent.*	*Per cent.*
Over 15 years	17	83	Over 16 years	63	37
12 to 15 years	5½	94½	14 to 16 years	44	56
Under 12 years	4	96	Under 14 years	None.	None.

Proportion of child labor.

Age.	Per cent.	Age.	Per cent.
Japan:		United States:	
Over 15 years	86.5	Over 16 years	98.2
12 to 15 years	12.8	14 to 16 years	1.8
Under 12 years	.7	Under 14 years	None.

The buttons imported from Japan against which our domestic labor is called upon to compete not only are produced under sweatshop conditions but are in a very disproportionate degree the product of female and child labor. Surely it is the desire of the Senate to protect our labor by an adequate duty against unfair competition from a product made under conditions of production which not only are condemned by public opinion in this country, but, as in the case of labor under 14 years of age, are prohibited by law.

We have already pointed out that the importers opposing the emergency tariff bill on pearl buttons represented before your subcommittee that the proportion of efficiency between our labor and Japanese labor was as four is to one. In addition to the destructive character of Japanese competition at present wages, it is obvious that their competitive advantage will increase naturally through the greater opportunity for their labor to improve its efficiency both through acquiring skill hitherto undeveloped and the use of better machines. This will be facilitated as they imitate more and more the methods we have devised and developed. Thus, in the opinion of those opposing the emergency tariff bill on pearl buttons, the competitive advantage of the Japanese will continue to increase with a limit four times as great as it is at present as their labor approaches the efficiency of our own labor. We feel that this prospect of increasing competitive advantage is only another reason for adequte protection by duty to-day.

In our appearance before the Committee on Ways and Means of the House of Representatives on February 10 of this year, we covered at considerable length the ability of Czechoslovakia to produce buttons at practically half the cost of the Japanese. Since that time their ability to compete has grown still more favorable. In view of the length of our representations to the House committee, we are putting nothing further before your committee herewith, but request your earnest consideration of this source of competition in determining the justice of the duty we advocate.

STATEMENT OF FRANK J. APPELBEE, REPRESENTING APPELBEE & NEUMAN (INC.), NEW YORK CITY.

Mr. APPELBEE. I am an importer of pearl buttons. I import Japanese pearl buttons in particular.

We find that under the Fordney bill there is a duty on buttons of pearl or shell, finished or partly finished, of 1¾ cents per line per gross, and in addition thereto 15 per cent ad valorem, which I presume will be charged on the domestic valuation. That tariff is absolutely prohibitive.

Senator SMOOT. Are you speaking about paragraph 1410?

Mr. APPELBEE. Yes. The present duty is 45 per cent. This duty figures out, in round figures, about two or three hundred per cent on various lines of business.

We have very little to say beyond that. If it is the intention of Congress to exclude the button, we are willing to abide by its decision.

As a matter of fact, I do not believe that this button can really be called competitive with the domestic article. It is made from an entirely different shell. In the first place, it is made from a shell not found in this country. The top one is Japanese pearl, the middle one is domestic fresh-water pearl, and the bottom one is a domestic

ocean pearl button. The Japanese buttons are all off-color. They are not pure color.

Senator CURTIS. Are they made of mother-of-pearl?

Mr. APPELBEE. Of a shell called the Trocas pearl.

Senator CURTIS. That is mother-of-pearl.

Mr. APPELBEE. It is not strictly, but it is broadly known as mother-of-pearl. The Trocas shell has not been used in this country. It is a hard shell and difficult to work.

That is all we have to say about pearl buttons, but I would like to call your attention to paragraph 1411, which treats with agate buttons. That paragraph provides for a duty of 15 per cent on agate buttons and a duty of 38 per cent on parts of agate buttons. We import parts of the agate buttons and put the labor on the article here, and then we have to compete with the completely manufactured article, shanked, which comes in at a duty of 15 per cent as against our duty on parts of 38 per cent.

Senator WATSON. You import the top?

Mr. APPELBEE. We import the tops and shank them here.

Senator WATSON. Where is that done?

Mr. APPELBEE. In New York City. We would like to have that matter rectified.

Senator SMOOT. What do you ask for?

Mr. APPELBEE. We would like to have the blanks at a rate of 10 per cent. The finished button carries a rate of 15 per cent.

Senator SMOOT. You want 10 per cent?

Mr. APPELBEE. Yes. At the present time it comes in under a different paragraph, a paragraph including parts of buttons. The whole thing says 38 per cent.

BRIEF OF FRANK J. APPELBEE, REPRESENTING APPELBEE & NEUMAN (INC.), NEW YORK CITY.

The Fordney tariff on pearl buttons reads, in part, as follows:

"Buttons of pearl or shell, finished or partly finished, 1¾ cents per line per gross * * * and in addition thereto 15 per cent ad valorem."

The present tariff provides for a flat ad valorem duty of 45 per cent on sizes up to 24 line and 25 per cent on sizes greater than 24 line, with no specific duty.

These respective tariffs work out as follows on an ordinary 16-line shirt button costing 30 cents per gross.

Fordney tariff:	
First cost	$0.30
1¾ cents per line per gross (16 by 1¾)	.28
15 per cent ad valorem (on foreign value)	.04½
	.62½
If the 15 per cent is figured on domestic value (i. e., 15 per cent on, say, 70—10½ cents) add	.06
Total	.68½
Present tariff:	
First cost	.30
45 per cent ad valorem on foreign value	.13½
Total	.43½

Protection for the domestic industry is not needed, as is demonstrated by the following statistics of imports and exports:

	Imports.	Exports.
Buttons, and parts of:		
1914	$1,673,317	$661,209
1915	787,071	1,672,305
1916	1,002,275	2,062,968
1917	1,260,690	1,830,951
1918	1,311,930	.....
Pearl or shell buttons:		
1918	.....	631,948
1919	1,228,743	710,727
1920	1,981,235	712,714

Separate classification for pearl or shell buttons was not made until 1918–19.

This table demonstrates that our exports of buttons of all kinds are considerably greater than our imports, although the imports of pearl and shell buttons, taken alone, are somewhat greater than the exports under this particular classification. In view of this comparison of imports and exports, we can not see any need to increase the tariff from 45 per cent to a rate that amounts to 200 to 300 per cent, which is practically prohibitive.

The imported pearl buttons come almost entirely from Japan, where they use certain kinds of shells that can only be worked where labor is cheap. The kinds of shell used by the Japs have never been worked in this country, except experimentally, for this reason.

A specific duty of 1 cent per line per gross, with the ad valorem duty omitted entirely, would serve to exclude all the very cheap grades, and still allow of a limited quantity of buttons being imported. We therefore respectfully suggest that part of paragraph 1409 be rewritten, as follows:

"* * * Buttons of pearl or shell, finished or partly finished, 1 cent per line per gross; pearl or shell button blanks, not turned, faced, or drilled, one-half a cent per line per gross."

This would work out as follows on the example taken above:

First cost	$0.30
1 cent per line per gross (16 by 1)	.16
Total	.46

Schedule 14, paragraph 1410: The Fordney bill provides that agate buttons shall pay 15 per cent ad valorem.

It also provides that "parts of buttons and button molds or blanks, finished or unfinished," of various materials, including specifically agate, shall pay 38 per cent ad valorem.

Thus under this schedule parts of agate buttons or agate button blanks, such as we now import and finish here by American labor, would pay a duty of 38 per cent, while the foreign buttons, made and finished entirely by foreign labor, would pay only 15 per cent.

The inconsistency is obviously an oversight.

We therefore respectfully suggest that paragraph 1410 be corrected to read as follows:

"Buttons commonly known as agate buttons, 15 per cent ad valorem; agate button blanks, molds, or parts of agate buttons, 10 per cent ad valorem; parts of buttons and button molds or blanks, finished or unfinished, and all collar and cuff buttons, and studs composed wholly of bone, mother-of-pearl, ivory, vegetable ivory, or agate, and buttons, any of which are not specifically provided for, 38 per cent ad valorem."

FIBER AND PAPER BUTTONS.

[Paragraph 1411.]

STATEMENT OF M. B. WHITTEMORE, BOSTON, MASS., REPRESENTING THE MORLEY BUTTON MANUFACTURING CO.

Mr. WHITTEMORE. I represent the Morley Button Manufacturing Co., of Portsmouth, N. H., and Boston, Mass. I appear in reference to paragraph 1410, relating to that part of buttons not specially provided for.

I would like to ask for a 45 per cent ad valorem duty instead of the figure now suggested of 38 per cent.

As a matter of fact, at the present time buttons are being imported into this country at a cost, laid down here, of 25 cents per great gross, and our actual cost to manufacture the identical button today is over 42 cents.

Senator McCUMBER. At what are they imported?

Mr. WHITTEMORE. Between 25 and 26 per great gross.

We learned on Monday a week ago of an importer from South America who arrived in Boston, by way of Germany, and he stated at that time he purchased buttons on that basis.

Senator SMOOT. Are you referring to 1411? You do not mean 1410, do you?

Mr. WHITTEMORE. That has been changed, I think.

Senator SMOOT. What do you want instead of 38 per cent ad valorem?

Mr. WHITTEMORE. We should like to have 45 per cent.

Senator SMOOT. Forty-five per cent?

Mr. WHITTEMORE. Yes. Do I understand that paragraph reads the same as paragraph 1410?

Senator SMOOT. Of the House bill; yes.

Mr. WHITTEMORE. Very well.

We manufacture buttons entirely of papier-mâché, of fiber products, which are the cheapest grade of buttons used on cloth and on shoes.

Senator SMOOT. You want 45 per cent?

Mr. WHITTEMORE. Yes, sir; American valuation.

Senator LA FOLLETTE. What would that be on foreign valuation?

Mr. WHITTEMORE. That would be according to the difference over there. The present value in Germany is 56 marks per gross for buttons made in Germany, all export duties paid.

Senator SMOOT. Fifty-six marks?

Mr. WHITTEMORE. Yes.

Senator SMOOT. That would be 28 cents?

Mr. WHITTEMORE. That is 22.4 cents, based on a half cent per mark.

Senator WATSON. I did not hear that.

Senator SMOOT. It would be 28 cents.

Mr. WHITTEMORE. I figured it at 4.8 cents to the mark.

Senator WATSON. For what?

Mr. WHITTEMORE. Per great gross.

Senator WATSON. Manufactured in Germany?

Mr. WHITTEMORE. That is, including the cost of the button and the export duty out of Germany. It is 56 marks per great gross on steamer from Germany.

Senator WATSON. What do you make them for?

Mr. WHITTEMORE. Our present price is slightly more than 42 cents per great gross.

Senator WATSON. What importations are coming in from Germany now?

Mr. WHITTEMORE. There are no importations of shoe buttons to any extent, because of the fact that shoe buttons are not now the fashion. They are not now generally worn.

Senator WATSON. Does this particular provision have reference only to shoe buttons?

Mr. WHITTEMORE. It refers to shoe buttons and clothing buttons. I have some samples here. These are samples of the shoe buttons and the clothing buttons. These [indicating] are coat buttons. They are good imitations. They are imitations of an ivory button, and are much stronger and more durable than any other button made. They are not, however, quite the equal in appearance of the button you have on your own coat there.

Senator LA FOLLETTE. They are made from fiber and paper products?

Mr. WHITTEMORE. Yes; and are chemically treated. They are sold principally in great-gross quantities, while most buttons are sold in single-gross quantities.

Senator LA FOLLETTE. This is all machine work, is it not?

Mr. WHITTEMORE. No, sir; it is not all machine work. Well, I suppose it would be classed principally as machine work.

There are buttons on that card there that sell as low as 36 cents delivered in New York City. They are selling at that price to-day. These [indicating] are buttons used on sweaters that are being sold, single gross, at 24 cents. They are buttons such as are used on cheap sweaters.

The shoe buttons are made in large quantities; that is to say, they were made in large quantities in years gone by. There has been a demand for them. I suppose at least 90 per cent of all the shoe buttons worn are the product of our manufacture. This [indicating] is a No. 4 shoe button, such as is generally used.

We have an investment of approximately $1,000,000 in Portsmouth.

Senator LA FOLLETTE. Will you tell me what your percentage of labor cost amounts to?

Mr. WHITTEMORE. The percentage of our labor cost is in excess of 50 per cent. Fifty per cent would be about right. I should say perhaps 30 per cent is material and 20 per cent overhead. You can see for yourself the cheapness of the material is in proportion to the cost of the labor that enters into the manufactured article.

Senator LA FOLLETTE. What is your output?

Mr. WHITTEMORE. Our output is 10,000 great gross of buttons on an 8-hour shift.

Senator LA FOLLETTE. What is the value per day?

Mr. WHITTEMORE. It would be different on the different classes of buttons. The only estimate that I could make would be between $4,000 and $5,000 a day.

Senator LA FOLLETTE. Per day?

Mr. WHITTEMORE. Yes; for that great number of buttons.

Senator LA FOLLETTE. Have you a brief?

Mr. WHITTEMORE. I have not, but I would like to have the privilege of filing one. I have nothing more to say. I hope you will see fit to give us 45 per cent.

Senator LA FOLLETTE. What is the wage expenditure per day?

Mr. WHITTEMORE. At the present time?

Senator LA FOLLETTE. Yes; leaving out salaries.

Mr. WHITTEMORE. Our last week's pay-roll check was $3,800. We are running at about one-third of our capacity. We run five days a week on a nine and a half hour basis.

Senator LA FOLLETTE. You said the value of your daily output is about $5,000?

Mr. WHITTEMORE. But not at the present time.

Senator LA FOLLETTE. What is it at the present time?

Mr. WHITTEMORE. I should say that it is in the vicinity of $2,500 to $3,000 per day. As a matter of fact, we are engaged in the manufacture of the higher class of buttons rather than the cheaper grade of buttons. There are not any shoe buttons being worn, practically, except for the better grade of shoes.

BRIEF OF M. B. WHITTEMORE, BOSTON, MASS., REPRESENTING MORLEY BUTTON MANUFACTURING CO.

The base materials from which all of our buttons are made, both shoe and clothing, are fiber, paper, and papier-mâché, and in order that there may be no confusion in the actual meaning of lines 6, 7, and 8 of paragraph 1303, page 139 of H. R. 7456, as amended July 22, 1921, with paragraph 1411, page 152, we would respectfully ask that the words "and buttons composed of fiber, paper, or papier-mâché" be inserted after the word "agate" now appearing in line 3, paragraph 1411, page 152; and also that the figures "45" be inserted in place of the proposed figures 38 in line 4, based on American valuations, of this same paragraph, so that the whole paragraph 1411 will then read as follows:

"PAR. 1411. Buttons commonly known as agate buttons, 15 per centum ad valorem; parts of buttons and button molds or blanks, finished or unfinished, not specially provided for, and all collar and cuff buttons and studs composed wholly of bone, mother-of-pearl, ivory, vegetable ivory, or agate, and buttons composed of fiber, paper, or papier-mâché, and buttons not specially provided for, 45 per centum ad valorem."

Our reasons for asking this increased protection are as follows: Buttons of German manufacture can now be brought into this country, all costs and charges paid, at the price of from 25 cents to 28 cents per great gross for No. 4 bright-black regular-finish shoe buttons. Our present actual cost of manufacture for the same identical article, f. o. b. Portsmouth, N. H., being in excess of 42 cents per great gross.

We are unable to give any actual figures at the present time as pertaining to our clothing buttons, but, in all probability, conditions would work much more to our disadvantage on this particular article, as the average clothing button contains no steel wire in its construction.

From the fact that Germany, France, Austria, and Czechoslovakia have always been very large producers of fiber, paper, and paper products, you will naturally see the wisdom of our argument in stating that we are bound to be greatly handicapped if we do not receive adequate protection on the manufacture of our articles, which is practically the entire product of our organization, which employs ordinarily from 600 to 700 hands on each eight-hour shift, with an investment in excess of $2,000,000. Buttons of our manufacture are the cheapest grades of buttons used on the ordinary class of women's shoes and cheapest grades of men's and boy's clothing. Our normal factory pay roll is in the vicinity of $10,000 to $12,000 per week for 47½ working hours. About 50 per cent of the value of our product represents labor, 30 per cent material, and 20 per cent overhead.

Under present conditions we must, of course, concede the fact that export business of our products to South America, England, and all European countries is a matter of further impossibilities to us, and from this fact also we feel that we should be entitled to a reasonable protection on our own home business.

The application of the American valuation on imports appears to us the best possible solution that will render the duty for which we ask a just basis on which to assess values, which can be a very simple value to obtain on our particular articles of manufacture.

While recent importations of shoe buttons have been comparatively small, this is from the fact that the button shoe has not been generally worn during the past few years, but we are confident that the time will soon return when they will again be adopted as the prevailing style for women's shoes, when the demand for shoe buttons will be in all probability as great as in the years 1912 to 1916.

We have endeavored to make this argument as brief as possible and sincerely hope you will grant us the full and reasonable request above asked for.

CORK AND CORK PRODUCTS.

[Paragraph 1412.]

STATEMENT OF CHARLES D. ARMSTRONG, PRESIDENT OF ARMSTRONG CORK CO., PITTSBURGH, PA.

Mr. ARMSTRONG. Mr. Chairman and gentlemen of the committee, I am here on behalf of the Armstrong Cork Co., of Pittsburgh. We prepared a brief with considerable care and furnished it to the Ways and Means Committee of the House and we have the same brief, which has been revised as to statistics and some other minor details, bringing it up to date. I would like to file this with the committee.

Senator McCUMBER. That will be done.

Senator SMOOT. The House provision is satisfactory?

Mr. ARMSTRONG. Yes, sir.

(The brief referred to is as follows:)

If the cork industry in America is to be preserved several changes in the present tariff schedules are imperative.

Schedule N, paragraph 340, comprises the following:

1. Cork bark cut into squares, cubes, or quarters, 4 cents per pound.
2. (A) Manufactured cork stoppers over three-fourths of an inch in diameter measured at the larger end, and (B) manufactured cork disks, wafers, or washers over three-sixteenths of an inch in thickness, 12 cents per pound.
3. (A) Manufactured cork stoppers three-fourths of an inch or less in diameter, measured at the larger end, and (B) manufactured cork disks, wafers, or washers, three-sixteenths of an inch or less in thickness, 15 cents per pound.
4. Cork, artificial or cork substitutes, manufactured from cork waste or granulated cork and n. o. p. f. in this section, 3 cents per pound.
5. Cork insulation, wholly or in chief value of granulated cork in slabs, boards, planks, or molded forms, one-fourth cent per pound.
6. Cork paper, 35 per cent ad valorem.
7. Manufactures wholly or in chief value of cork or of cork bark or of artificial cork or bark substitutes, granulated or ground cork not especially provided for in this section, 30 per cent ad valorem.

We recommend the following changes, restoring substantially the rates prevailing under the preceding tariff act of August 5, 1909:

1. Cork bark cut into squares, cubes, or quarters, 8 cents per pound.
2. (A) Manufactured cork stoppers over three-fourths of an inch in diameter, measured at the larger end, and (B) manufactured cork disks, wafers, or washers over three-sixteenths of an inch in thickness, 20 cents per pound.
3. (A) Manufactured cork stoppers three-fourths of an inch or less in diameter, measured at the larger end, and (B) manufactured cork disks, wafers, or washers three-sixteenths of an inch or less in thickness, 25 cents per pound.

4. Cork, artificial or cork substitutes, manufactured from cork waste or granulated cork and n. o. p. f. in this section, 35 per cent ad valorem.[1]
5. Cork insulation, wholly or in chief value of granulated cork in slabs, boards, planks or molded forms, 35 per cent ad valorem.[1]
6. Cork paper, 35 per cent ad valorem.[1]
7. Manufactures wholly or in chief value of cork or of cork bark or of artificial cork or bark substitutes, granulated or ground cork not especially provided for in this section, 35 per cent ad valorem.[1]

SOURCES OF RAW MATERIAL.

Spain and Portugal produce perhaps 60 per cent of the world's supply of cork bark, the remainder coming principally from Algeria, Tunis, Corsica, Sardinia, and Sicily. Cork is also grown to a limited extent in southern France and in Italy.

The manufacture of cork stoppers, formerly by hand and now by the use of modern machinery, has been highly developed in both Spain and Portugal, whose markets are world wide. Central Europe, Great Britain, including Australia, Canada, and India, and South and Central America, draw almost all of their supplies of manufactured corks from these two countries. Spain not only turns more than 75 per cent of its production of cork bark into manufactured articles but is a large importer of cork bark from Portugal and Algeria.

The accessibility of the raw material and the skill of the workmen, combined with very low wages, preclude the possibility of competing in the United States with American-made products unless these advantages are in a large measure offset by adequate duties on the importations.

The tariff rates of 1897 (Dingley) and 1909 (Payne-Aldrich) did not prohibit importations. Imports of dutiable cork products during 1911 and 1912 were greater in volume and value than during 1918 and 1919. This was largely due to the disturbed economic conditions which prevailed in Europe and the difficulties incident to shipping and transfer of funds during the war. This situation, which has developed and existed since the enactment of the present law, has inadvertently but effectually prevented the disastrous competition which our industry expected from the foreign manufacturers due to the radical reductions (from 40 to 50 per cent) made in our schedule. In fact, the reduction in the duty on cork insulation was 95 per cent.

In submitting for your consideration our reasons for the changes recommended, it will, perhaps, be more convenient to take up each item in paragraph 340.

1. *Importations of cork bark cut into squares, cubes, or quarters.*

Year.	Pounds.	Value.	Duty paid.	Average value per pound.	Rate of duty.	Equivalent ad valorem rate.
						Per cent.
1919	6,135	$3,129.00	$245.40	$0.51	$0.04	7.84
1920—First 6 months	871	260.00	34.84	.30	.04	13.4
Second 6 months[1]	516	143.00	20.64	.28	.04	14.3
Total	7,522	3,532.00	300.88	.....	.....	.....

[1] Figures for all items for the last six months of 1920 taken from "Foreign Commerce and Navigation of the United States," calendar year 1920, Table No. 9, pages 535 and 536.

Under the tariff we propose of 8 cents per pound, the Government's revenue would have approximated $600.

METHODS OF MANUFACTURE.[2]

The old method of manufacturing straight corks was to first cut out squares from the sheet of corkwood. These squares were afterwards rounded by hand or by machines into the desired cylindrical form. The labor involved in making the square is about

[1] It will be noted that the ad valorem rates recommended are based on foreign invoice or market values, as in the tariff of 1913 now in force. If the principle of calculating duty assessments on the American valuation of goods is adopted, however, the percentage rates will necessarily be changed. On this basis we would recommend the rates as proposed in H. R. 7456. Paragraph 1412 (Schedule 14) of this bill classifies the articles in question very clearly and very fairly, and we urge its approval by the committee of the Senate.

[2] We wish to emphasize that this method of manufacture is practically obsolete as far as this country is concerned.

two-thirds of the total labor cost of the finished cork. The rate of duty should, therefore, be proportionate to that of the completed product. This method of manufacture, while still generally followed in Europe, has almost entirely disappeared in the United States. A duty of 8 cents per pound on the square, cube, or quarter forms would be equivalent to an ad valorem rate of about 20 per cent.

2. (A) *Importations of manufactured cork stoppers over three-fourths of an inch in diameter measured at the larger end.*

Year.	Pounds.	Value.	Duty paid.	Average value per pound.	Rate of duty.	Equivalent ad valorem rate.
						Per cent.
1918	101,021	$72,426.00	$12,122.52	$0.717	$0.12	16.74
1919	73,728	59,966.00	8,847.36	.813	.12	14.74
1920—First 6 months	20,990	11,138.00	2,518.80	.53	.12	22.61
Second 6 months	46,800	28,292.00	5,616.00	.61	.12	19.67
1921—First 9 months[1]	65,078	27,420.00	[2] 7,809.36	.42	.12	28.52
Total	307,617	199,242.00	36,914.04			

[1] Figures for all items for first nine months of 1921 taken from the quarterly tables of the Department of Commerce.
[2] Estimated.

Under the tariff we propose of 20 cents per pound the Government's revenue would have approximated $61,000.

USES AND IMPORTATIONS OF CORK STOPPERS.

The larger sizes of corks are used for wide-mouth bottles and other similar containers. Formerly straight corks seven-eighths of an inch to 1 inch in diameter were imported in large quantities for bottling whisky and beer. The enactment of the prohibition law has cut off this trade, both to the American cork manufacturer and to the importer. As the importations of these large corks in 1918–1921 show an average foreign value of 65 cents per pound, the existing rate of 12 cents per pound is equivalent to 19 per cent ad valorem. The suggested rate of 20 cents per pound would bring the ad valorem equivalent up to about 30 per cent.

3. (A) *Importations of manufactured cork stoppers three-fourths of an inch or less in diameter measured at the larger end.*

Year.	Pounds.	Value.	Duty paid.	Average value per pound.	Rate of duty.	Equivalent ad valorem rate.
						Per cent.
1918	64,556	[1] $20,605.00	$9,683.40	$0.32	$0.15	47
1919	76,397	65,150.00	11,459.55	.852	.15	17.59
1920—First 6 months	34,208	25,995.00	5,131.20	.76	.15	19.74
Second 6 months	69,753	62,514.00	10,462.95	.90	.15	16.67
1921—First 9 months	56,909	49,678.00	[2] 8,536.35	.87	.15	17.24
Total	301,823	223,942.00	45,273.45			

[1] The value of the imports for 1918 is evidently in error. The last 6 months of 1918 show an average value of 71 cents per pound, while for the entire year the average apparently is but 32 cents. Our figures are copied from the Government "Statistics of imports entered for consumption."
[2] Estimated.

Under the tariff we propose of 25 cents per pound the Government's revenue would have approximated $75,000.

USES AND IMPORTATIONS OF SMALL CORKS.

These are principally used by druggists, manufacturing chemists, and manufacturers of perfumes, patent medicines, toilet preparations, et cetera. The importations under this heading during 1919, 1920, and the first nine months of 1921 show an average foreign invoice value of 86 cents per pound.

The present duty of 15c per pound, therefore, represents an ad valorem rate of about 17 per cent. The labor cost of manufacturing small sizes of corks is materially greater

than that of larger ones. It actually costs from 35 cents to 50 cents per pound more to produce these small corks in the United States than the statistics show as the import value of the foreign goods.

It should also be remembered that during this period foreign exchange was more or less stable. Spanish pesetas were close to par (20 cents), while today (December, 1921) they are less than 15 cents. This depreciation gives the foreign manufacturer a further advantage and, on the basis of current exchange, his average selling price of 86 cents per pound is probably reduced to about 60 cents. The rate of 25 cents per pound under the tariff act of 1909 (Payne-Aldrich) would be equivalent, using the importations of 1919-1921 as a basis, to an ad valorem duty of 29 per cent.

We suggest that the previous rate of 25 cents per pound be restored. Even this duty will not provide adequate protection should the Spanish and Portuguese exchanges continue at the present low levels. With normal working conditions on the other side, the premium on the American dollar is proving most attractive to foreign manufacturers and a steady increase in importations must be anticipated.

Directly, and through the chemical and pharmaceutical houses, the American cork manufacturers supplied the Government and the Red Cross during the war with large quantities of cork stoppers. It is estimated that about 50,000,000 of American-made corks were shipped to the Army depots in France. The fact that the requirements of our Government in this emergency were served promptly and efficiently was due to the well-equipped factories and to the skill of the American operatives employed in the industry, both elements being most essential in assuring this country a source of supply independent of foreign manufacturers.

2. (B) *Importations of manufactured cork disks, wafers, or washers over three-sixteenths of an inch in thickness.*

Year.	Pounds.	Value.	Duty paid.	Average value per pound.	Rate of duty.	Equivalent ad valorem rate.
						Per cent.
1918	71,112	$46,495.00	$8,533.44	$0.654	$0.12	18.35
1919	12,651	8,991.00	1,518.12	.71	.12	16.88
1920—First 6 months	1,992	1,849.00	239.04	.93	.12	12.92
Second 6 months	9,772	4,887.00	1,172.64	.50	.12	24
1921—First 9 months	19,538	16,389.00	[1] 2,344.56	.83	.12	14.47
Total	115,065	78,611.00	13,807.80			

[1] Estimated.

Under the tariff we propose of 20 cents per pound the Government's revenue would have approximated $23,000. This is equivalent to about 30 per cent ad valorem.

3. (B) *Importations of manufactured cork disks, wafers, or washers three-sixteenths of an inch or less in thickness.*

Year.	Pounds.	Value.	Duty paid.	Average value per pound.	Rate of duty.	Equivalent ad valorem rate.
						Per cent.
1918	2,010,408	$1,316,590.00	$301,561.20	$0.655	$0.15	22.9
1919	766,947	452,331.00	115,042.05	.589	.15	25.43
1920—First 6 months	732,724	479,895.00	109,908.60	.654	.15	23
Second 6 months	649,973	425,534.00	97,495.95	.654	.15	23
1921—First 9 months	454,010	344,288.00	[1] 68,101.50	.758	.15	19.78
Total	4,614,062	3,018,638.00	692,109.30			

[1] Estimated.

Under the tariff we propose of 25 cents per pound the Government's revenue would have been approximately $1,100,000.

DEVELOPMENT OF DISKS.

The old-style straight cork has been displaced almost entirely by the crown stopper. This consists of a metal cap about 1⅛ inches in diameter with a thin cork liner or disk about one-tenth or one-ninth of an inch thick. These disks were formerly manufactured in this country in very large quantities, but it has been found more advantageous, under the present and preceding tariffs, to make them in Spain or Portugal and to import them in finished form. Our company at one time produced them in the United States very extensively, but has not attempted to make them here of late. We now manufacture them at our factory in Spain and import what we need. The average value per pound varies according to the percentage of imports of "standard" quality and what are known as "seconds." During the years shown quantities of these low-grade disks were imported. Ordinarily they are unsalable.

The standard quality crown disk at prewar exchange is valued f. o. b. steamer foreign port at about 85 cents per pound. The suggested duty of 25 cents per pound, therefore, is equivalent to 30 per cent ad valorem.

4. *Importations of cork, artificial, or cork substitutes, manufactured from cork waste or granulated cork, and not otherwise provided for in this section, year 1919.*

Pounds	175,331
Value	$116,505
Duty paid	$5,259.93
Average value per pound	$0.66
Rate of duty	$0.03
Equivalent ad valorem rate (per cent)	4.5

Under the tariff we propose of 35 per cent ad valorem the Government's revenue would have approximated $40,000.

CORK COMPOSITION IN PRIMARY STAGE.

At the present time the cork-composition industry is in the primary stage of development. When a use is built up for it and the demand becomes more general, it will become better known abroad, and, as it can be manufactured much cheaper in Europe than in this country, it will be imported in quantity.

The importations of this article during 1919, as above stated, were valued at an average of 66 cents per pound. It is readily seen that the present inadequate rate of 3 cents per pound (equivalent to an ad valorem rate of 4½ per cent) provides neither revenue nor protection.

5. *Importations of cork insulation, wholly or in chief value of granulated cork, in slabs, boards, planks, or molded forms.*

Year.	Pounds.	Value.	Duty paid.	Average value per pound.	Rate of duty.	Equivalent ad valorem rate.
						Per cent.
1918	1,349,570	$63,704.00	$3,373.92	$0.0472	$0.0025	5.3
1919	5,719,688	411,472.00	14,299.17	.0719	.0025	3.47
1920—First 6 months	3,823,012	300,176.00	9,557.53	.0785	.0025	3.18
Second 6 months	5,177,089	470,947.00	12,942.72	.0909	.0025	2.75
1921—First 9 months	6,503,902	521,105.00	[1] 16,259.76	.0801	.0025	3.08
Total	22,573,261	1,767,404.00	56,433.10			

[1] Estimated.

Under the tariff we propose of 35 per cent ad valorem the Government's revenue would have been approximately $600,000.

MOST IMPORTANT ITEM IN CORK SCHEDULE.

There was no specific provision made in the tariff act of 1909 for cork insulation, this article being classified as artificial cork, on which the duty was 6 cents per pound.

While cork board had been made for many years in Spain, France, Germany, and Russia by using various kinds of binders, such as asphalt, pitch, casein, or glue, these methods do not produce an insulation nearly so efficient as the so-called "Smith process," or "pure cork" board, an American invention and developed in this country.

Cork insulation, under this method, is made by pressing together the clean granules of cork and, while pressed, baking the same. No binder other than the natural rosin of the cork is used. The European manufacturers are now discarding their antiquated methods and adopting the American "pure cork" process.

The present tariff act provided specifically for cork insulation and reduced the rate from 6 cents per pound to one-fourth of a cent per pound. The foreign factories were not slow to realize that the markets of this country were open to them and that this material could be laid down duty paid on our seaboards—Atlantic and Pacific—much cheaper than it could be produced in the United States. Production over there has greatly increased and new companies are being formed in Spain and Portugal for exploiting this American process. The result of the stimulus brought about by the unusually low import duty is clearly reflected in the large and rapidly increasing imports of the material. These importations have been limited only by the quantities that the factories have been able to produce. The rate of one-fourth of a cent per pound, about 3 per cent ad valorem, affords absolutely no protection and the revenue to the Government is insignificant. The imports for two and one-half years ending June 30, 1920, valued at $775,352, yielded the Government a revenue of only $27,230.62.

The imports for the period from June 30, 1920, to October 1, 1921, were $992,052. This is almost 30 per cent more than in the whole two and one-half years preceding. The significance of the threatened flood of imported cork board is very evident from this and from the following: During the first six months of 1921 we manufactured and shipped into the United States 41 per cent less than for the same period in 1920. This decrease was principally due to general business depression and lack of building construction. Importations, however, actually increased in the same period. Even more striking is the amount of over 5,000,000 pounds imported in the last half of 1920 and the 2,500,000 pounds imported from July 1, 1921, to October 1, 1921. This is at the rate of 10,000,000 pounds per annum, or approximately the total amount imported in the two and one-half years comprising 1918, 1919, and the first half of 1920.

Unless an adequate duty is provided for cork insulation all manufacture will necessarily have to be transferred to the other side and the industry lost to the American manufacturer—the American home investment being wiped out.

During the war the greater part of the production of our factories (Camden, N. J., and Beaver Falls, Pa.) was allocated to the War and Navy Departments and to the United States Shipping Board. The industry was classified by the War Trade Board as essential.

We might mention some of the many uses made of cork insulation by our Government:

In ships of the Navy it is used for food compartments and for the isolation of the living and heated quarters.

The modern submarine has its machinery room and men's living quarters insulated with cork board.

Practically all of the Shipping Board's steamers have the food compartments insulated with cork.

Cork insulation is used largely in the powder and poison-gas plants, shell-loading stations, and cold-storage warehouses constructed by the Government.

Immense warehouses erected by the American Expeditionary Forces in France were insulated by cork board manufactured in this country.

All of our Army cantonments had ice plants insulated with cork board.

Viewed from both a national defense and an economic standpoint, we believe that this industry, so essentially American and so essential to America, requires proper protection. A duty of 35 per cent is necessary or, if a specific duty is preferred, it should be fixed at 2½ cents per pound.

6. *Importations of cork paper.*

	Value.	Duty paid.	Ad valorem rate.
			Per cent.
1918	$116,665.00	$40,832.75	35
1919	101,569.00	35,549.55	35
1920—First 6 months	31,848.00	11,146.80	35
Second 6 months	30,712.00	10,749.20	35
1921—First 9 months	17,193.00	[1] 6,017.55	35
Total	297,987.00	104,295.85	.....

[1] Estimated.

BUSINESS DRIVEN ABROAD.

A considerable amount of cork paper, used for cigarette tips, was formerly manufactured in the United States, but the business during the last few years has drifted entirely to Europe. The most of the cork paper comes from Spain and Portugal. It was also produced in Germany in large quantities before the war. At one time, we employed in Pittsburgh over 100 people on this work, but were forced to dismantle that part of our plant and transfer our business to Spain. We now have a factory in Seville, Spain, for making cork paper. As far as we know, this material is not manufactured now by any of the American factories, but is all imported. Cork paper for cigarette tips is now used in comparatively small quantities in this country. The fad was dropped during the war when the demand arose for cheap cigarettes.

7. *Importations of manufactures wholly or in chief value of cork or of cork bark or of artificial cork or bark substitutes, granulated or ground cork not especially provided for in this section.*

	Value.	Duty paid.	Ad valorem rate.
			Per cent.
1918	$32,547.00	$9,764.00	30
1919	51,286.00	15,385.80	30
1920—First 6 months	37,703.00	11,310.90	30
Second 6 months	57,235.00	17,170.50	30
1921—First 9 months	39,989.00	11,996.70	30
Total	218,760.00	65,627.90	.....

Under the tariff we propose of 35 per cent ad valorem, the Government's revenue would have been approximately $75,000.

The manufacture of life-preserver blocks, seine floats, insoles, and other cork products coming under this section, like cork paper, is already lost to the United States on account of insufficient protection. We find it more economical to make them in Spain and pay the present duty.

IMPORTANCE OF INDUSTRY TO THE UNITED STATES.

The cork industry of the United States comprises at least 20 companies with a probable invested capital of over $15,000,000.

These factories employ more than 6,000 operatives.

The chief centers of production are in the States of Pennsylvania, New York, New Jersey, and Illinois.

COSTS AND WAGES HERE AND ABROAD.

The difference in cost of production in the United States and Spain, where we have first-hand knowledge of manufacturing conditions, is due to three factors:

(1) *Lower costs of raw materials in Spain.*—The cork bark does not require the preparing and the packing as when it is intended for shipment abroad. All exports of bark are taxed 5 pesetas gold ($1) per 100 kilos (220 pounds) by the Spanish Government.

(2) *Lower overhead and fixed charges.*—The accessibility of the foreign manufacturer to the raw material gives him an advantage in that he need not buy in advance of his actual requirements, thus reducing his working capital to a minimum. Much cheaper construction also can be used in factory buildings, owing to the milder climate.

(3) *Lower labor costs.*—A comparison of wages paid at our Pittsburgh and Seville factories follows:

	Average rates per week.			Average rates per week.	
	Spain.	United States.		Spain.	United States.
Cork bark sorters	$6.00	$30.00	Sorters of corks	$3.25	$15.00
Cork punchers	6.00	30.00	Common labor	4.50	24.00
Machine operatives	3.25	15.00	Boys	3.50	15.00

At Lisbon cork bark sorters at present are paid $3.50 per week and common laborers $2.50 per week, based on current exchange.

It is the general impression that the European workman is less efficient than the American. Our experience in manufacturing in Spain has demonstrated that this is not the case. Our operatives there compare very favorably with those in this country, both in production and workmanship.

While wages in Spain and Portugal have materially increased in recent years, yet any rise in costs on the other side is counterbalanced by the enhanced value of the American dollar.

GENERAL.

The cork business is now a close competitive one as there are no longer any patented processes or machines to give any one manufacturer a monopoly or advantage over another.

Owing to his higher cost of production, the American manufacturer can not hope to compete in foreign markets. The trade which we formerly had with Central and South America during the period of the war was due entirely to the difficulty of obtaining supplies direct from Spain and Portugal. With the return of more normal shipping conditions, this business disappeared.

CONCLUSION.

From the foregoing impartial statement of the history of the cork industry and the facts pertaining to its present status at home and abroad, it will be apparent that material modifications in the present tariff schedules are a vital necessity:

First, if America is to be to any appreciable extent self-equipped and self-sustaining in the great and growing needs of the cork industry in the event of military emergency;

Second, if the present investment of American capital at home is not to suffer by destructive competition from abroad;

Third, if American labor is to be given a chance in the future to develop its skill and exert its industry in this constantly growing business;

Fourth, if the Federal Government is to derive anything like a fair or just revenue from that portion of the business which is of foreign origin and which will always enjoy a potential share in the American market;

Fifth, if the opportunity of the Government to derive a reasonable amount of customs revenue from this business is not longer to be ignored and the Government further deprived of the internal taxes legitimately resulting from the establishment, maintenance, and enlargement of American industrial enterprises.

CORK INSULATION.

[Paragraph 1412.]

STATEMENT OF JUNIUS H. STONE, NEW YORK CITY.

Senator McCumber. Where do you live, Mr. Stone?

Mr. Stone. New York.

Mr. Chairmen and gentlemen of the committee, I am sorry to come before you so late in the afternoon, as the matter I wish to speak on is an important one. It is the matter of cork insulation and has to do with the cost of the product to the producer and to the consumer.

Schedule 14, paragraph 1412, page 65, of the tariff bill as it passed the House provides:

Granulated or ground cork: Cork insulation, wholly or in chief value of cork waste, granulated or ground cork, in slabs, boards, planks, or molded forms; cork tile; cork paper and manufactures, wholly or in chief value of cork bark or artificial cork and not specially provided for, 25 per centum ad valorem.

The proposed tariff puts this material—cork board—which is standard insulation material all over the country to-day and is used for cold-storage plants, ice-cream plants, etc., on the same basis as cork paper for cigarette tips, fishing-rod handles, etc., and gives it an ad

valorem duty of 25 per cent, presumably on the American valuation plan. It should be based on the lumber schedule, as it is a substitute for lumber, and is never used in any other way.

I submitted a brief on this subject, covering some points which I shall not repeat, to the Ways and Means Committee of the House. I wish to give you another angle, another slant, that I did not touch on, but which, to my mind, is the meat of the whole situation.

Senator SMOOT. Does your brief state what rates you ask for?

Mr. STONE. Yes.

The present tariff carries a duty of one-quarter of 1 cent per pound. I have proposed, in the brief submitted to the House, a duty of three-fourths of a cent, which is three times the present duty. The conclusions reached in that brief submitted to the Ways and Means Committee were these:

First, that ample protection to American industry would be obtained by imposing a specific duty of three-fourths of a cent per pound on cork-board insulation, that is to say, tripling the present duty.

Second, that such a duty would produce the largest possible revenue to the Government.

Third, that it would afford protection to the American users of the product by preventing unreasonably high prices here.

Fourth, that it would benefit our own export trade by permitting Spain to supply us certain of her own peculiar products in exchange for which she would purchase our farm products and manufactures.

President Harding well expressed this conclusion when he said in his inaugural address, referring to our foreign trade, "We know full well that we can not sell where we do not buy."

Since I submitted that brief last spring nothing has occurred to detract from the statements therein made, and, moreover, the course of wages in the United States has confirmed my argument bearing on the comparative cost of production here and abroad. On that subject I made the following statement:

Pure cork board is made by grinding, compressing, and baking granulated cork in iron molds for several hours, at a temperature of 450 to 550 degrees Fahrenheit. There is no skilled labor employed in this process. It is dirty, dusty, hot, disagreeable work, with the smoke and fumes from the baking cork adding to the general discomfort. The cheapest type of foreign labor is employed, generally Poles and Italians—the type that comes here for a few years, accumulates a few hundred dollars, and returns to its native village across the seas. It is the type Congress is now attempting to keep out of the country, for a while at least.

Before the war American cork-board factories paid this labor—that is, from 1909 to 1912—$1.50 to $1.75 per day, and the supply was greater than the demand. Now, it is being paid $4 per day for eight hours' work, but within a year, unless all signs fail, it will be working gladly for $2.50 to $3.

This is no industry where skilled American labor calls, as is its right, to be protected against the underpaid labor of Europe. A dozen or so mechanics to supervise the machinery, etc., comprise the skilled labor of any cork-board plant, of which there are just four in the United States to-day.

At the time these words were written, common labor here was paid, as stated, $4 per day for eight hours' work, but already the reduction I anticipated has arrived, and the same laborers are thankful if they receive $3 per 8-hour day. They are being paid from 25 to 30 cents per hour. In Spain there has been a reduction in wages of approximately 15 per cent, while our reduction here at home is 25 per cent or more, so that the comparative labor cost in the two countries is decidedly more in favor of the American manufacturer than it was when I wrote, and upon which my suggestion of a maximum specific duty of three-fourths of a cent per pound was based.

If, in considering this matter, you have time to read the brief which I have mentioned, which gives in sequence the reasons for the conclusions to which

I have asked your attention, as also my right to speak with some authority on the subject, I should be very greatly obliged.

Coming now to the further argument to which I request your attention, and which was not stressed in my previous brief, though it was touched upon there, I desire to speak upon the effect that a high tariff on cork-board insulation will have upon the cost of cold storage and so upon the cost of living—an expense which is borne either by the farmer and stock raiser on the one hand or by the ultimate consumer on the other. It does not so much affect the warehousemen or the dealers, since whatever their expense may be they pass it on. If the original producer, that is to say, the farmer or stock raiser, desires to carry his product in storage for a better market, then the added expense will fall on him. If market conditions permit him to pass it on, when he sells it will continue on to the ultimate consumer; if not, it is his loss. To make this matter clear, let me say, in the first place, that all cold-storage plants, all refrigerated structures of whatever kind, that are of any size or importance in the United States are to-day insulated with this material—pure cork board. A large cold-storage warehouse will take from 500,000 to 1,000,000 square feet board measure, that is 1 inch thick. A comparatively small ice plant or cold-storage plant will take from 100,000 to 250,000 square feet board measure.

In a single large plant in New York City, the Merchants' Refrigerating Co.'s Tenth Avenue warehouse, there is installed between 2,000,000 and 3,000,000 square feet of pure cork board.

Senator SMOOT. What do you suggest in your brief as to the ad valorem rates?

Mr. STONE. I do not suggest an ad valorem. We suggest a specific rate of three-quarters of a cent per pound. Let us take as an example the average large warehouse that will require perhaps 1,000,000 square feet. A difference in price of 10 cents per square foot, board measure—and there has been fully that difference between prices a year apart—means a difference of cost of $100,000 on that single building, and the interest and depreciation upon that investment will be at least 10 per cent or $10,000 per year. In such a case we have $100,000 of "frozen capital" that will never be liquefied, and the consumers of this country, or the farmers who produce the products that this one warehouse preserves, will pay $10,000 a year indefinitely for the privilege of contributing an excess initial profit to the cork-board manufacturers. This does not apply alone to the cold-storage warehouses; it applies to the ice-making plants. It goes into the cost of icing every car of fruit that comes from the Pacific coast or the South to northern markets, and in the same proportion it enters into the cost of handling milk at the dairies and creameries throughout the country. In fact wherever refrigeration goes—and it touches on our daily life in a hundred ways undreamt of a generation back—this excess profit makes itself felt to the detriment of the producer and consumer alike.

The question will naturally occur to you, How is it possible that this can be the case when the usual law of competition would bring into the business additional manufacturers if a large and unreasonable profit were obtained by those already in the trade? The answer is that at the present time—and for many years past it has been the case—the trade in the United States is dominated by one large manu-

facturing concern that produces somewhere between 50 and 75 per cent of the total American production.

Senator LA FOLLETTE. What is the name of that concern?

Mr. STONE. It is the Armstrong concern, of Pittsburgh.

There are two other manufacturers in the States, making each some 10 to 15 per cent of the production, who follow carefully in the wake of the dominating company referred to. These small manufacturers know that the line of least resistance, and the profitable one for them, is to follow and maintain substantially the prices that the dominating concern sees fit to make. In this way they secure a handsome profit; they afford a semblance of competition which is very valuable to the dominant manufacturer; and, as there is no collusion or understanding of any kind between them, all the requirements of the Sherman and Clayton Acts are met, while at the same time the American consumer is faced with what is practically a rock-ribbed monopoly. Some 10 years ago another American concern, a company worth many millions of dollars, essayed the manufacture of pure cork board. For three years after they started prices were cut until cork board was sold for less than cost, and finally they decided that the game was not worth the candle and ceased manufacturing.

Senator LA FOLLETTE. What was the name of that company?

Mr. STONE. The Johns-Manville Co., of New York.

Thereupon prices promptly rose again to a level that enabled the dominant factor in the situation to recoup the losses of the three lean years during which the new competition was frozen out. This state of affairs has had the natural result of chilling the ardor of any others who desired to enter this well-protected field.

As to the profits obtained by this dominant concern in the manufacture of cork products, it may be of interest to note from a prospectus issued by them last fall, when they were floating an issue of bonds, that their earnings on a capitalization of $13,000,000 for the first 10 months of 1920 were over $5,000,000, of which they proposed to write off $2,700,000 in a reduction of their inventory, contracts, etc., which, it will be noted, not only reduced their inventory but also their income tax, while the physical assets covered by the inventory, etc., remained in their possession unchanged.

It is certainly clear from such figures as these that this is no struggling infant industry needing protection, but is rather an able-bodied warrior not only competent to defend himself but to inflict considerable damage upon everybody else.

We come now to the question as to what is the proper tariff rate on this cork-board insulation, and I desire to call your special attention to the fact that it is a wood product—the bark of the cork oak—that is, made up in the form of boards or planks, that it takes the place of spruce boards in cold-storage insulation, and that this is its only function or use. It is therefore, properly speaking, comparable to spruce lumber, both in its origin and its use, and it is for this reason that the present tariff carries with it a specific duty practically the same as carried in the Payne-Aldrich tariff of 1909 on finished spruce boards, which was $2.50 per thousand square feet 1 inch thick. The specific duty on cork board of one-fourth cent per pound averages $2.25 per thousand square feet, 1 inch thick, the cork board itself weighing an average of 0.9 pound per square foot, board measure.

I have made up two small models, to which I ask your attention, one showing the insulation of cold-storage plants as it was 20 years ago, consisting of the old-fashioned boards and air spaces, so called, the other the pure cork-board insulation of to-day, which consists of the cork board erected in Portland cement and finished with Portland-cement plaster on the interior of the room. As you will see from these models, we have gained in storage space by reducing the thickness of the insulation, the cork boards taking up less space than the spruce boards used to; we have gained in efficiency, since spruce transmits nearly twice as much heat for a given thickness as cork board; and we have gained in cost, since to get an equal efficiency we would have to use eight spruce 1-inch boards against 4 inches of cork board. We have also gained in safety, since the cork board is slow burning, whereas spruce boards, when erected with air spaces between them, form a veritable fire trap. The present standard cork-board insulation is therefore a long step in advance of the practice of 20 years ago, and, as I have said, this present insulating material, pure cork board, is the logical successor of the spruce lumber of that time and should be dealt with on the same basis, both as to the rate of duty and the method of laying it, which should be specific, not ad valorem. You will note that spruce boards under the pending tariff bill come into this country duty free, provided the country of export admits our similar lumber free.

Senator LA FOLLETTE. Where does that matter that is used as a filling come from?

Mr. STONE. Do you mean from which this cork is made?

Senator LA FOLLETTE. Yes.

Mr. STONE. Principally from Spain and Portugal.

Senator MCCUMBER. There is none in the United States, is there?

Mr. STONE. None whatever, except for a few beautiful trees that the Government has grown in California and in Arizona.

Senator MCCUMBER. It is all imported, is it?

Mr. STONE. Yes. There [indicating] is the cork board as it comes from the tree. We take that and from it we make these bottle corks. From those we have this cork waste, which is residue. That is made into this granulated material. That granulated material, in turn, is made into this solid block. That enters into the construction of insulation of these cold-storage plants throughout the country.

Senator LA FOLLETTE. Do you know anything about the cost of the conversion of this material from the raw state in which it comes?

Mr. STONE. The labor cost?

Senator LA FOLLETTE. Yes.

Mr. STONE. Yes. In the United States the labor cost is 1½ cents, approximately, per square foot, 1 inch thick, against seven-tenths of a cent, approximately, in Spain, at the present time. The American labor is more efficient, but the difference in the rates of labor makes the difference in the cost.

Senator LA FOLLETTE. What percentage of a given quantity of that material when ready for consumption is labor cost?

Mr. STONE. About 25 per cent in the United States and about 18 per cent in Spain.

Senator LA FOLLETTE. The total labor cost is about 25 per cent?

Mr. STONE. The total labor cost is about 25 per cent; yes, sir.

Senator LA FOLLETTE. What is the duty you ask?

Mr. STONE. The duty is put at 25 per cent.

Senator LA FOLLETTE. To protect that labor?

Mr. STONE. To protect that labor on the American valuation basis.

Senator LA FOLLETTE. What would that be on the foreign valuation?

Mr. STONE. On foreign valuation that would be about between 45 and 50 per cent.

Another thing that I want to point out with respect to American valuation is that if it goes into effect that ends foreign importation.

Senator LA FOLLETTE. Then, instead of being a protection on the difference in the labor cost it is from 100 to 200 per cent on the total labor cost entering into the production of the product?

Mr. STONE. Yes, sir.

One more point and I shall be through. A specific duty is generally admitted to be the best and fairest method of levying an import tariff on articles that have no wide variance in quality. It is straightforward, simple, definite. There is no possibility of loss to the Government through undervaluation, nor to the importer by overvaluation through the ignorance or error of the appraisers. Importations from every country pay the same amount of duty; consequently there can not be injustice to anyone through currency depreciation or exchange fluctuations. A specific duty can not give any nation a feeling of being discriminated against, with a consequent loss of good will toward our products and ourselves.

Cork board is made in only one general quality, and as for the composition cork board made by cementing cork granules together with asphalt, magnesite, casein, etc., they are not favored by the users of cold-storage insulation, and lacking intrinsic merit have no standing or sale of any moment. Taken together, they represent less than 5 per cent of the cork-board consumption of the country.

Sometimes it has been said that these foreign cork boards are coming into the country in huge quantities, etc. Here [indicating] is a piece from Italy. They use coal-tar pitch. Here [indicating] is a piece from France. None of them pass the test of the United States. We all know that pitch melts below 212° F. The minute they try to boil it it goes to granulated cork. The total use of this stuff, as I have said, is less than 5 per cent of the consumption of the country. This pure cork board is the only kind that cuts any figure.

Senator LA FOLLETTE. It really has no competitor?

Mr. STONE. No, sir; it has no competitor. It has become the standard.

Senator LA FOLLETTE. Nothing like this pure cork board is imported at all?

Mr. STONE. The same thing is being imported. This is the thing that I ask a duty of three-fourths of a cent on.

While I very greatly hope that the duty on cork board will be continued as a specific duty, yet as the pending bill seeks to put it upon an ad valorem basis, I desire to show you that if this is done and the American-valuation plan of the pending bill is adopted, it

will absolutely prohibit any large business in foreign cork board and leave the American consumer at the mercy of the practical American monopoly I have outlined. My reason for this statement is that the cork-board business is largely one in which purchases are made for future delivery—sometimes several months ahead. Like other manufacturers, I usually have in hand orders for substantial quantities of cork board for delivery from three to four months and in some cases six months ahead. At the present time I am taking no orders for any large quantities for spring or summer delivery, since I can not possibly know or even guess what my cost will be, say, in March or April, if the proposed tariff in its present form becomes law. I can contract for my raw material abroad; I can contract for the finished cork board at a definite price, but if the duty is to be assessed upon the selling price here at the time of the arrival of the goods, I can not possibly foresee what that will be. The very fact that my customers wish to purchase in advance of their requirements is due to their belief that prices will probably be higher then; and if they are higher, the duty I have to pay will be proportionately increased, while I must sell, if I sell at all, on present market values.

Furthermore, it will be an easy matter, as in this case, where a single American manufacturer dominates the industry, to advance the selling price artificially through his branches all over the country about the time that I or any other importer has a large cargo of cork board about due. A few telegrams would raise the market price from Maine to California 25 per cent overnight. After the cargo had arrived and duty had been assessed on that market price, a few more telegrams would bring it back to where it was before. Such a state of affairs, I respectfully submit, is not one that should be countenanced by Congress in framing the tariff upon an article of such importance to the farmers and consumers of this country as is the insulation of cold-storage plants that conserve the perishable food products which the one produces and the other consumes.

I am convinced that three-fourths cent a pound, the duty I have suggested and fortified with facts and figures as to labor and production conditions, is the reasonable and proper answer to the question, "What import duty should be assessed upon cork-board insulation?"

BRIEF OF JUNIUS H. STONE, NEW YORK CITY.

I have asked the opportunity of submitting a brief regarding the import duty that should be assessed on cork insulation. In the tariff now in force it is covered as follows:

"Schedule N, paragraph 340: Cork insulation, wholly or in chief value of granulated cork in slabs, boards, planks, or molded forms, ¾ cent per pound."

In the pending tariff bill, as it passed the House and is now before you, it is covered as follows:

"Schedule 14, paragraph 1412: Granulated or ground cork; cork insulation, wholly or in chief value of cork waste, granulated or ground cork, in slabs, boards, planks, or molded forms; cork tile; cork paper, and manufactures, wholly or in chief value of cork bark or artificial cork and not specially provided for, 25 per centum ad valorem."

My following remarks refer chiefly to cork insulation, as defined in the paragraph I have just quoted, including in a lesser degree granulated cork and cork tile, the former of which is used mainly for insulation and the latter, to a certain extent, being used as a floor covering, with particular reference to the warmth as well as comfort it affords by insulating, occupied spaces from the ill-effects of cold, hard cement floors. These remarks do not refer to cork paper or general manufactures of cork outside of the insulation field. I sub-

mitted a brief on this subject to the Ways and Means Committee of the House after their public hearings were concluded, being unable to appear before the committee personally, by reason of illness, and this brief appears in part 6, page 4448, of the public hearings before the committee. It is not my intention at this time to repeat in detail the arguments which I then submitted, but to ask your careful attention to further considerations, which I believe have a pertinent bearing upon this important question.

That you may have a complete understanding of the situation I will, however, sum up in a few words the conclusions reached in my brief above referred to, drawn from my personal knowledge and experience, which has been extensive, as I originated and developed in the United States the manufacture of pure corkboard insulation that now, after 30 years of increasing use, has become the standard insulating material not only of the United States but of the world.

AMPLE PROTECTION IN THREE-FOURTHS OF A CENT PER POUND—A 200 PER CENT ADVANCE.

The conclusions reached in my brief to the Ways and Means Committee were as follows:

First. That ample protection to American industry would be obtained by imposing a specific duty of three-fourths of a cent per pound on cork-board insulation; that is to say, tripling the present duty.

Second. That such a duty would produce the largest possible revenue to the Government.

Third. That it would afford protection to the American users of the product by preventing unreasonably high prices here.

Fourth. That it would benefit our own export trade by permitting Spain to supply us certain of her own peculiar products, in exchange for which she would purchase our farm products and manufactures. President Harding well expressed this conclusion when he said in his inaugural address, referring to our foreign trade, "We know full well that we can not sell where we do not buy."

CHEAP ALIEN LABOR USED IN AMERICA.

Since I submitted that brief last spring nothing has occurred to detract from the statements therein made, and, moreover, the course of wages in the United States has confirmed my argument bearing on the comparative cost of production here and abroad. On that subject I made the following statement:

"Pure cork board is made by grinding, compressing, and baking granulated cork in iron molds for several hours at a temperature of 450° to 550° F. There is no skilled labor employed in this process. It is dirty, dusty, hot, disagreeable work with the smoke and fumes from the baking cork adding to the general discomfort. The cheapest type of foreign labor is employed, generally Poles and Italians, the type that comes here for a few years, accumulates a few hundred dollars, and returns to its native village across the seas. It is the type Congress is now attempting to keep out of the country, for a while, at least. Before the war (1909–1912) American cork-board factories paid this labor $1.50 to $1.75 per 10-hour day and the supply was greater than the demand. Now it is being paid $4 per day for 8 hours' work, but within a year, unless all signs fail, it will be working gladly for $2.50 to $3.

"This is no industry where skilled American labor calls, as is its right, to be protected against the underpaid labor of Europe. A dozen or so mechanics to supervise the machinery, etc., comprise the skilled labor of any cork-board plant, of which there are just four in the United States to-day."

At the time these words were written common labor here was being paid, as stated, $4 per day for eight hours' work, but already the reduction I anticipated has arrived and the same laborers are thankful if they receive $3 per eight-hour day. They are being paid from 25 to 35 cents per hour. In Spain there has been a reduction in wages of approximately 15 per cent, while our reduction here at home is 25 per cent or more, so that the comparative labor cost in the two countries is decidedly more in favor of the American manufacturer than it was when I wrote and upon which my suggestion of a maximum specific duty of three-fourths of a cent per pound was based.

If in considering this matter you have time to read the brief that I have mentioned which gives, in sequence, the reasons for the conclusions to which I have asked your attention, as also my right to speak with some authority on the subject, I should be very greatly obliged.

ECONOMIC EFFECT OF HOUSE AMENDMENT IN INCREASING THE COST OF LIVING.

Coming now to the further argument to which I request your attention, and which was not stressed in my previous brief, though it was touched upon there, I desire to speak upon the effect that a high tariff on cork-board insulation will have upon the cost of cold storage and so upon the cost of living—an expense which is borne either by the farmer and stock raiser, on the one hand, or by the ultimate consumer on the other. It does not so much affect the warehousemen or the dealers, since whatever their expense may be they pass it on. If the original producer—that is to say, the farmer or stock raiser—desires to carry his product in storage for a better market, then the added expense will fall on him. If market conditions permit him to pass it on when he sells, it will continue on to the ultimate consumer; if not, it is his loss. To make this matter clear, let me say, in the first place, that all cold-storage plants, all refrigerated structures of whatever kind that are of any size or importance in the United States, are to-day insulated with this material—pure cork board. A large cold-storage warehouse will take from 500,000 to 1,000,000 square feet b. m., viz. 1 inch thick. A comparatively small ice plant or cold-storage plant will take from 100,000 to 250,000 square feet b. m. In a single large plant in New York City, the Merchants Refrigerating Co.'s Tenth Avenue warehouse, there is installed between 2,000,000 and 3,000,000 square feet of pure cork board.

INCREASING THE SPREAD BETWEEN PRODUCER AND CONSUMER.

Let us take as an example the average large warehouse that will require perhaps 1,000,000 square feet. A difference in price of 10 cents per square foot board measure—and there has been fully that difference between prices a year apart—means a difference of cost of $100,000 on that single building, and the interest and depreciation upon that investment will be at least 10 per cent, or $10,000 per year. In such a case we have $100,000 of "frozen capital" that will never be liquefied, and the consumers of this country, or the farmers who produce the products that this one warehouse preserves, will pay $10,000 a year indefinitely for the privilege of contributing an excess initial profit to the cork-board manufacturers. This does not apply alone to the cold-storage warehouse; it applies to the ice-making plants. It goes into the cost of icing every car of fruit that comes from the Pacific coast or the South to northern markets, and in the same proportion it enters into the cost of handling milk at the dairies and creameries throughout the country. In fact, wherever refrigeration goes—and it touches on our daily life in a hundred ways undreampt of a generation back—this excess profit makes itself felt to the detriment of the producer and consumer alike.

HOW THE AMERICAN MONOPOLY CRUSHES OUT COMPETITION.

The question will naturally occur to you, How is it possible that this can be the case when the usual law of competition would bring into the business additional manufacturers if a large and unreasonable profit were obtained by those already in the trade? The answer is that at the present time and for many years past it has been the case, the trade in the United States is dominated by one large manufacturing concern that produces somewhere between 50 and 75 per cent of the total American production. There are two other manufacturers in the States, making each some 10 to 15 per cent of the production, who follow carefully in the wake of the dominating company referred to. These small manufacturers know that the line of least resistance, and the profitable one for them, is to follow and maintain substantially the prices that the dominating concern sees fit to make. In this way they secure a handsome profit, they afford a semblance of competition which is very valuable to the dominant manufacturer, and as there is no collusion or understanding of any kind between them, all the requirements of the Sherman and Clayton Acts are met, while at the same time the American consumer is faced with what is practically a rockribbed monopoly. Some 10 years ago another American concern, a company worth many millions of dollars, essayed the manufacture of pure cork board. For three years after they started prices were cut until cork board was sold for less than cost, and finally they decided that the game was not worth the candle and ceased manufacturing, whereupon prices promptly rose again to a level that enabled the dominant factor in the situation to recoup the losses of the three lean years during which the new competition

was frozen out. This state of affairs has had the natural result of chilling the ardor of any others who desired to enter this well-protected field.

As to the profits obtained by this dominant concern in the manufacture of cork products, it may be of interest to note from a prospectus issued by them last fall, when they were floating an issue of bonds, that their earnings on a capitalization of $13,000,000 for the first 10 months of 1920, were over $5,000,000, of which they proposed to write off $2,700,000 in a reduction of their inventory, contracts, etc., which, it will be noted, not only reduced their inventory but also their income tax, while the physical assets covered by the inventory, etc., remained in their possession unchanged.

It is certainly clear from such figures as these that this is no struggling infant industry needing protection, but is rather an able-bodied warrior, not only competent to defend himself but to inflict considerable damage upon everybody else.

A SUBSTITUTE FOR SPRUCE LUMBER.

We come now to the question as to what is the proper tariff rate on this cork-board insulation, and I desire to call your special attention to the fact that it is a wood product—the bark of the cork oak—that it is made up in the form of boards or planks, that it takes the place of spruce boards in cold-storage insulation, and that this is its only function or use. It is, therefore, properly speaking, comparable to spruce lumber, both in its origin and its use, and it is for this reason that the present tariff carries with it a specific duty practically the same as carried in the Payne-Aldrich tariff of 1909 on finished spruce boards, which was $2.50 per thousand square feet, 1 inch thick. The specific duty on cork board of one-fourth cent per pound, averages $2.25 per thousand square feet, 1 inch thick, the cork board itself weighing an average of nine-tenths pound per square feet board measure.

I have made up two small models, to which I ask your attention, one showing the insulation of cold-storage plants as it was 20 years ago, consisting of the old-fashioned boards and air spaces, so called, the other the pure cork-board insulation of to-day, which consists of the cork board erected in Portland cement and finished with Portland cement plaster on the interior of the room. As you will see from these models, we have gained in storage space by reducing the thickness of the insulation, the cork boards taking up less space than the spruce boards used to; we have gained in efficiency, since spruce transmits nearly twice as much heat for a given thickness as cork board; and we have gained in cost, since to get an equal efficiency we would have to use eight spruce 1-inch boards against 4 inches of cork board. We have also gained in safety, since the cork board is slow burning, whereas spruce boards, when erected with air spaces between them, form a veritable fire trap. The present standard cork-board insulation is, therefore, a long step in advance of the practice of 20 years ago, and, as I have said, this present insulating material, pure cork board, is the logical successor of the spruce lumber of that time, and should be dealt with on the same basis, both as to the rate of duty and the method of laying it, which should be specific, not ad valorem. You will note that spruce boards, under the pending tariff bill, come into this country duty free, provided the country of export admits our similar lumber free.

A specific duty is generally admitted to be the best and fairest method of levying an import tariff on articles that have no wide variance in quality. It is straightforward, simple, definite. There is no possibility of loss to the Government through undervaluation, nor to the importer by overvaluation through the ignorance of error of the appraisers. Importations from every country pay the same amount of duty; consequently there can not be injustice to anyone through currency depreciation or exchange fluctuations. A specific duty can not give any nation a feeling of being discriminated against, with a consequent loss of good will toward our products and ourselves.

Cork board is made in only one general quality, and as for the composition cork boards made by cementing cork granules together with asphalt, magnesite, casein, etc., they are not favored by the users of cold-storage insulation, and lacking intrinsic merit, have no standing or sale of any moment. Taken together they represent less than 5 per cent of the cork-board consumption of the country.

IMPRACTICABILITY OF THE AMERICAN VALUATION PLAN.

While I very greatly hope that the duty on cork board will be continued as a specific duty, yet as the pending bill seeks to put it upon an ad valorem basis I desire to show you that if this is done and the American valuation plan of the

pending bill is adopted, it will absolutely prohibit any large business in foreign cork board, and leave the American consumer at the mercy of the practical American monopoly I have outlined. My reason for this statement is that the cork-board business is largely one in which purchases are made for future delivery—sometimes several months ahead. Like other manufacturers I usually have in hand orders for substantial quantities of cork board for delivery from three to four months, and in some cases six months, ahead. At the present time I am taking no orders for any large quantities for spring or summer delivery, since I can not possibly know or even guess what my cost will be, say in March or April, if the proposed tariff in its present form becomes law. I can contract for my raw material abroad, I can contract for the finished cork board, at a definite price, but if the duty is to be assessed upon the selling price here at the time of the arrival of the goods, I can not possibly foresee what that will be. The very fact that my customers wish to purchase in advance of their requirements is due to their belief that prices will probably be higher then, and if they are higher the duty I have to pay will be proportionately increased, while I must sell, if I sell at all, on present market values.

Furthermore, it will be an easy matter, as in this case where a single American manufacturer dominates the industry, to advance the selling price artificially through his branches all over the country, about the time that I or any other importer has a large cargo of cork board about due. A few telegrams would raise the market price from Maine to California 25 per cent over night. After the cargo had arrived and duty had been assessed on that market price, a few more telegrams would bring it back to where it was before. Such a state of affairs, I respectfully submit, is not one that should be countenanced by Congress in framing the tariff upon an article of such importance to the farmers and consumers of this country as is the insulation of cold-storage plants that conserve the perishable food products which the one produces and the other consumes.,

I am convinced that three-fourths cent per pound, the duty I have suggested and fortified with facts and figures as to labor and production conditions, is the reasonable and proper answer to the question, "What import duty should be assessed upon cork-board insulation?"

TOYS.

[Paragraph 1414.]

STATEMENT OF ALFRED C. GILBERT, NEW HAVEN, CONN., REPRESENTING THE TOY MANUFACTURERS OF THE UNITED STATES OF AMERICA (INC.).

Mr. GILBERT. I am president of The A. C. Gilbert Co., located at New Haven, Conn.

Senator McCUMBER. To what subject do you desire to address yourself?

Mr. GILBERT. To paragraph 1414.

Senator McCUMBER. Relating to what?

Mr. GILBERT. Relating to toys. I represent the Toy Manufacturers' Association of America, which has a membership of about 134 manufacturers who stand for leadership in the toy industry. I believe that I also represent every American boy, girl, mother, and father in the United States who is interested in seeing this great industry preserved. I do not want you to challenge that statement until you have given me an opportunity to make an exhibition of the things that we are producing in this country and to demonstrate to you their educational influence and character. Then I shall be glad to let you decide for yourselves.

Senator McLEAN. How many hands do you employ?

Mr. GILBERT. Senator, I have nine points that I would like to cover in rotation. I think if I could cover them as I have them in mind I would save the time of the committee.

Senator McLEAN. Very well.

Mr. GILBERT. The first important point that I want to make is the relative value of German imports. If I give you this information, you will be able to appreciate the importance of this paragraph to which I am addressing myself.

Toys are at top of the list of German imports into the United States. But if the exports from Germany to all countries of all commodities are arranged according to value, toys stand eighteenth on the list of German exports. When we turn to the record of imports from Germany into the United States and arrange them according to value, toys stand second, and a close second. This was the case in 1912, 1913, and 1914, and the order was practically the same in the 10 years prior to 1914. So far as German trade with the United States is concerned, the toy industry is called upon to bear the brunt of German cheap labor and child-labor competition. To express the same thought by a comparison of commodities before 1914, we imported as large a volume of toys as we did of dyes, and you all know what protection the dye industry must have to survive in this country.

Now, I want you to visualize the growth of the new toy industry.

Senator WATSON. What did you say about the dye industry?

Mr. GILBERT. I say that according to Government statistics the importations from Germany of toys into the United States at one time and another were as large as the imports of dyes from that country.

Senator SMOOT. Years ago.

Mr. GILBERT. I submit a short tabulation showing the imports of toys and dyes from Germany from 1910 to 1921, omitting the war years.

Toys:		Dyes:	
1910	$6,742,000	1910	$6,676,000
1911	6,938,000	1911	6,110,000
1912	6,686,000	1912	7,713,000
1913	7,736,000	1913	6,717,000
1920	4,238,017	1920	1,565,300
1921 (10 months)	4,365,651	1921 (10 months)	1,332,148

Senator WATSON. You mean the dye importations?

Mr. GILBERT. I am merely trying to bring out the comparative size of the importations of toys from Germany to America in order to show you clearly the size of the toy industry in Germany. I wish that you would look at this chart. The red line here represents imports; the black line represents the American output. Looking at the chart you will see that there was a continuous growth. Follow the years 1914, 1915, 1916, 1917, 1918, 1919. You will see that it is growing all the time.

The chart covers the business of 55 of the members of our association from 1913 through 1919. This was the period of greatest expansion of the American toy industry, and we have reported on these firms because they are the ones whose business we can follow during the entire period.

1913	$5,539,812	1917	$10,085,270
1914	6,485,207	1918	10,391,254
1915	6,678,622	1919	15,924,738
1916	8,717,506		

Different branches of the American toy industry which had to contend with severe German competition before 1914 expanded remarkably after imports stopped. An illustration is the development of the American doll industry. In 1913 there were not more than 14 firms making dolls in the United States, and in 1920 there were 142 doll factories. And under the effects of German competition I will show you in a few moments what has become of that American doll industry.

Senator LA FOLLETTE. Have you a chart that will show how the prices went up?

Mr. GILBERT. I haven't a chart which will show that. You can visualize that for yourself.

Senator LA FOLLETTE. There is a limit to my imagination.

Mr. GILBERT. You will find a drop in 1921.

The next point that I want to make is with reference to the imports and the deductions to be gained therefrom.

Senator WATSON. Won't you answer Senator La Follette's question as to how prices went up?

Mr. GILBERT. Toys are so numerous and of such a variety that I can not give you the definite percentage of increase in price. I should say that the prices have doubled.

Senator WATSON. We want your best judgment, that is all.

Mr. GILBERT. That is my best judgment.

I want you to note the growth of imports. In 1913 they were about $8,000,000, and went up in 1914 to $9,000,000. Here [indicating 1914 on chart] is the beginning of serious Japanese competition. Up to this point, practically speaking, the only goods coming into this country were from across the Atlantic Ocean. Now we have them coming from both the Atlantic and the Pacific Oceans. The Japanese imports are represented by this line [indicating 1915, 1916, 1917, and 1918 on chart], and their importations increased as shown here. Here again, in 1919, we see the German importations reappearing on the horizon. Here [indicating 1921] is the point on the chart which shows the effect of the destructiveness of German competition. That is proved by the fact that the Japanese importations are diminishing. This column represents Germany and that [indicating] all other countries.

The imports of toys into the United States from 1913 through 1921 (10 months), inclusive, were as follows:

Imports of all toys except dolls.

	Germany.	Japan.	France.	England.	All other countries.	Total.
1913	$5,362,810	$301,249	$156,316	$285,849	$266,147	$6,372,371
1914	5,926,941	434,006	206,134	420,859	279,523	7,267,523
1915	5,125,764	470,345	156,507	435,299	199,317	6,387,232
1916	1,758,663	494,248	98,554	137,306	56,003	2,544,774
1917	15,751	1,097,744	101,276	74,154	30,108	1,319,033
1918		1,435,535	44,395	26,533	22,290	1,528,753
1919	531,904	1,010,209	66,037	28,577	83,248	1,719,975
1920	3,186,650	3,958,051	164,688	195,131	393,642	7,898,162
1921 (10 mos.)	3,374,616	866,744	249,790	206,636	360,864	5,058,650

We have arranged this table to show the five countries from which the greatest volume of imports came. France and England are the

two countries which have stood third and fourth in order of value of toy imports into the United States from 1913 through 1919. During the first 11 months of 1920 Czechoslovakia took third place, with a total of $199,300. Germany is coming back by leaps and bounds. This is the critical year, and relief must be afforded promptly to save many of the American toy firms.

Imports of dolls and parts of.

	Germany.	Japan.	France.	All other countries.	Total.
1913	$1,537,964	$1,505	$8,776	$14,939	$1,563,184
1914	1,791,913	2,925	12,286	9,372	1,816,496
1915	1,661,511	4,250	5,699	26,671	1,698,131
1916	617,333	7,471	6,166	41,300	672,270
1917	3,294	108,608	8,508	2,724	123,134
1918	.....	474,882	20,989	4,121	499,992
1919	451,826	742,537	20,432	17,549	1,232,344
1920	1,051,067	1,705,348	20,167	62,950	2,839,532
1921 (10 mos.)	991,035	286,551	12,808	41,404	1,331,798

The importance of German and Japanese competition is demonstrated by this table, which shows the big gap between the volume of imports from those countries and imports from the next country in order of value, France. The imports from all other countries besides the first two are negligible.

Senator WATSON. Why are the Japanese importations diminishing?

Mr. GILBERT. Because the Japanese can not compete with Germany.

I will try to show you by actual examples why the German importations are so tremendous. I shall do that after I have shown you the American merchandise that has made our American growth possible. I haven't the time to go into all the figures shown on the chart, and I think it would be better if I should give to you a picture of what we are doing in America. I want to show you, by way of illustration, examples of the types of toys that we are making in America.

I have referred several times to the "new" toy industry in this country. I have a reason for calling it the new American industry. I want to say to you that what we are trying to do, through this association, is to visualize to the American people just what the industry means to them and to their children.

In order to give you a clear idea of what we are doing, I will pass around various sets of toys.

We cover in the toy industry to-day in an elementary way almost every engineering subject that is known. Here, for instance, is a set of toys on signaling. This goes into the wigwag signal system. With each set of toys that has a relation to an industry there is a book that tells the child about that particular industry, the idea being to develop leadership in boys and the engineering instinct. I think I mentioned the fact that you will find a little book with each set that tells the story of these toys. The book tells what the children can do with each of them. It is our purpose to couple fun and education.

We are pioneers in the development of educational toys. It was never known, it was never developed until we had this opportunity in the last few years.

I forgot to call your attention to one factor that should be mentioned. In 1914 there were, according to the census of manufacturers, 290 toy manufacturers; in 1920 there were 1,800 toy factories, employing about 40,000 people. You can multiply that number of employees many times when you take into account the workers who turn out all the materials which go into the making of toys.

For example, much low-grade lumber, which would otherwise lack a market, is used by toy manufacturers, thus giving the farmer an opportunity to market his surplus lumber, which would not be usable otherwise. Without this market for poor grades the better grades can not be profitably handled. Toy makers, cutting up their lumber into a great variety of small shapes and sizes, can utilize grades which are unprofitable in most other lines. In this way the New England States have benefited very materially from the growth of the wooden-toy industry in America. The same thing is true in many other sections, especially in Michigan, Wisconsin, and more recently on the Pacific coast.

Kindly look at these various toys as they are exhibited. You can easily imagine the immense amount of material that is used in their construction.

This set [indicating] is by way of illustration of principles of the sciences. At the same time that we try to teach the boy something we attempt to keep fun in front of him, so that he does not really discover that he is being taught.

The subject of electricity is covered by sets on electricity. There are electrical trains, and so on. With each set there is a book which will give the boy a fundamental idea of railroading and arouse interest in that kind of work.

Here is a wireless set.

Senator LA FOLLETTE. Is there anything to teach the boy to make poison gas?

Mr. GILBERT. Not poison gas; but we have chemical sets. There is hardly a subject that you can mention that we have overlooked. Practically all the toy manufacturers in America are producing one or the other of these things that give the children a chance to learn about these different industries.

This set was prepared by some Government experts and teaches the boy what the Weather Bureau means to him. I want to emphasize particularly the educational nature of these things and their influence upon the child's mind.

I am sure that all of you will remember the A, B, C blocks and the books that you read as children. I want to speak particularly of those for the development of the child's mind in the kindergarten age. Most of the things used in kindergartens are products of our manufacturers.

I am ready to make the statement that after you have examined the variety of things we lay out here, you will agree that it is the second, if not the first, educational influence in America to-day. All of these blocks are built with the idea of educating the child. These are all products of toy manufacturers.

Leaving toys which appeal most strongly to boys, although girls are playing with them more and more every year, for a moment, we will take up toys for the girls. Here we have sewing sets and painting sets of every description and kind. And here is an absolutely new toy for girls—a set of wooden parts which can be made up into flowers, trellises, and other things which appeal to girls.

I have here only a small selection of the many samples that illustrate what is being done.

Here are sets of construction toys. These are things made out of steel.

Those sets [indicating] range in price from 50 cents up to $10 or $15.

Now we go into geography. We have games and map puzzles to put together, all of which incidentally teach geography and develop the child along educational lines. That is why I called it the new American business, because there were no toys of this type until we made them.

I think there is something here representative of every sort of toy you can imagine. I want you to appreciate fully the tremendous educational influence. I want to emphasize that it has been a great factor in determining the development of this business. I have spoken of American merchandise. American ingenuity has made this growth possible. I have illustrated our output by various samples so that you might readily see the point I am trying to make.

Here, for instance, is a fine reproduction of a train and locomotive made by the Ives Manufacturing Corporation, of Bridgeport. This one set represents an investment of probably $35,000 in dies, tools, and machinery, in order to make the reproductions as true to real trains as they can be made.

By the way, do not lose sight of this, one of America's greatest creations, the Kiddie-Kar. I want to call it to your attention, because American ingenuity has stood at the front in the invention of the most famous of these sorts of things. That is made at North Bennington, Vt.

I want to call your attention also to this item, an all-wood doll made in Philadelphia. It is one of the finest illustrations of American ingenuity that I can show you. The walking doll is another fine product.

Still another type of toy is this one, which enables the boy to see how automobiles are put together. It shows the gears and rear axle; in fact, it teaches the whole construction of the automobile. That is what we call the instructive type of toy. That, also, is a creation of American ingenuity. There is no end of them. To save your time, I have had these things laid out that you may see them.

Now, I want to illustrate to you the type of competition which we have to meet. I might add that Columbia University has gotten out a book—a very illuminating book—on what the American toy industry has done for the education of the American children. You will find that in a great many schools these toys are being used as a part of courses of study. They are used for the purpose of keeping the attention of the children while they are being taught difficult subjects that they do not readily understand.

Now, with your permission, I should like to show you what I will call Exhibit A. I want to show you comparable items from Germany, so that you may get some idea of the character of the competition we are compelled to meet.

Let us pass now to Germany. Let us go back to the type of toys manufactured there. Then you will discover why the imports of German toys are as large as those of any merchandise. Here is a letter, for instance, that was circulated all over the United States.

Senator WATSON. Do they make all of these [indicating American toys]?

Mr. GILBERT. We have developed these only in the last few years. I am trying to picture to you what we have done or what we did do when we had an opportunity to develop this industry in America. I want now to draw a parallel. Germany has not yet made most of the toys I have shown you, but she will do so with child labor if our industry is not adequately protected.

Here is a letter that was sent out by a German factory to a great many families in America asking them to send a dollar to Germany for 10 German toys. I took one of these letters and mailed a dollar to Germany myself. This is the picture which was with it. You can see for yourself the little children and the aged grandmother working in their homes on these very items.

Now, here is the point I wish to make: The Germans are capitalizing the fact that they can sell their products at the prices they ask because their toys are made by child labor. I have read trade journals in which they advertised the fact that the reason they can undersell the whole world is that they use child labor in the production of their toys. You asked a moment ago why Japanese competition has gone down. That is the reason. Even Japan can not compete against German child labor.

I want to show you now what I received in response to that letter and my $1 bill. These toys were received in my office in New Haven, Conn. They came to me for $1, all charges paid. I wish you would inspect those toys, because you will see that every one is cut out by hand. They are painted by hand. I am going to leave the photographs to illustrate this kind of competition.

I just want you to picture in your own minds what a set of toys like that could be manufactured for here in America.

You know about the child-labor laws in the United States. You will never find on the records that American toy manufacturers appeared against child-labor laws. In fact, our association voted to fight for laws of that kind. Yet these Germans are advertising the fact that one of the reasons they can sell a certain class of toys is that they are produced largely by child labor.

I want you to picture in your mind what it would cost to reproduce the toys for which I paid $1. Just try to imagine. Those things are cut of wood. They are all painted by hand and decorated by hand. Notice the eyes. The whole assortment was sent to me for $1.

Senator WATSON. Where did you buy that?

Mr. GILBERT. In answer to that letter I sent a dollar bill to Germany. This letter was circulated among Germans in America. This whole assortment was sent to me for that dollar bill. Just look at

the various individual pieces. Here is a mechanical toy. Here is a little automobile with people inside of the car. Here are toys of every description and kind. You could not reproduce that item here by any method of manufacturing, by any kind of labor except at an enormous cost.

That reminds me of a remark made by a gentleman who appeared before the committee in regard to silk. This silk man said that American labor was so very efficient and that he had never seen anything that we could not make here as cheaply as it could be made abroad. This set of toys here can not be reproduced in this country for $75. You can judge for yourselves. We can not reproduce a thing like that.

Senator LA FOLLETTE. If we were on a starvation basis in this country, we might be very glad to reproduce them at those prices.

Mr. GILBERT. At a dollar?

Senator LA FOLLETTE. Yes.

Mr. GILBERT. What are we doing here? This [indicating] crawling mud turtle with natural colors is the type of thing we are making along cheap lines. I think this is one of the finest illustrations. We have a gentleman in this audience who has just returned from Germany where he went in the interests of our own toy manufacturers. Look at that gun! Think of the price that we have to pay for an article of that kind. That gun cost at retail in Germany 18 marks, about 10 cents. I tell you frankly, gentlemen, that we can not take the bolt out and make it for 10 cents. I do not believe that you could buy the bolt in quantity for 10 cents each in America under the most efficient factory conditions.

Here is another gun which was sold for 35 marks. Think of it! Nineteen cents for this gun. It is almost unbelievable. Here [indicating] is a finer one which was bought for 100 marks.

Senator MCLEAN. Are the Germans equipped to make these [indicating educational toys]?

Mr. GILBERT. Yes.

Senator MCLEAN. Are they patented?

Mr. GILBERT. Unfortunately, they are not patented.

Senator MCLEAN. Are they equipped to reproduce them?

Mr. GILBERT. They are equipped to reproduce them.

Senator SMOOT. This is not made by children, is it [indicating an American toy]?

Mr. GILBERT. No; that is not made by children—not those.

This [indicating a German sample] is a representative type. The Germans specialize a great deal in what we call the trashy type, of which a tremendous quantity is sold. In addition to that, we compete on items of this character—trains and that sort of thing—that are factory made. To illustrate the physical impossibility of competition on such toys, let me say that those guns could not possibly be sold for any such price as that in the United States.

Senator WATSON. What would a gun like that from Germany sell for in the United States?

Mr. GILBERT. Well, I think that that trolley car over there would illustrate my point better. That car was bought at retail in New York City for $2.45. At the same time it was being sold in Chicago at 97 cents. I do not know whether you get my point. If not, it is

this, that the importers of German toys are making tremendous profits. The customers do not get the benefit. I think your own investigations will bring this out. I feel that you will discover that the American public is not getting the benefit of these low prices.

Senator DILLINGHAM. Will you please explain that?

Mr. GILBERT. The idea is that in New York City one concern is charging $2.45 for this article and in Chicago it is sold for 97 cents.

Senator DILLINGHAM. What do you make it for?

Mr. GILBERT. So that it will retail at not less than $3. It has quite a little mechanism in it, as you can see if you will look at the inside of it. I will tie these together; they are comparable items. Here, for instance, is a tea set. This is the domestic one. The domestic price of this tea set is $45 per gross. The wholesale price, so far as we are able to find out, is $33 per gross on the German toy when sold in New York. That is the American item; this is the German item. That illustrates the difference. Of course, these prices, you understand, are those that we got from the importer. We do not know what the German factory price is. We rather feel that the investigation you are making will probably show the differences.

Senator MCLEAN. You are being driven out of business and the consumer is not getting the benefit of low prices?

Mr. GILBERT. I made a statement before the Ways and Means Committee to the effect that unless something is done this industry will be destroyed. In 1920 we had 134 doll manufacturers in the United States; there are only 12 left to-day. This industry is being destroyed.

Senator DILLINGHAM. What prices do the American people pay for the German goods, as compared with the prices that they pay for the American goods, at retail?

Mr. GILBERT. Let me have that train. A Chicago concern is selling German and American trains. Mr. Ives, what is the cost of it?

Mr. IVES. It was landed here for $1.09. I think it sold for $2.50 to $3.

Mr. GILBERT. What does the comparable item sell for?

Mr. IVES. $2.75.

Mr. GILBERT. There is an absolute comparison. Does that answer the question?

Senator MCCUMBER. It will be necessary for you to bring your testimony to a close, Mr. Gilbert, as quickly as you can, if we are to hear the rest of the witnesses.

Mr. GILBERT. I shall not have the time to go through these other items, but there are one or two points that I should like to make. If your committee should find that it needs additional samples or tables of German and American prices on similar toys we can supply many more examples at any time.

I want to refer, for instance, to the effect of this competition. The effect has been illustrated to some extent by one department of our business—the doll industry.

Here is an illustration that I desire to make. At a hearing in this room we had a man representing us—a doll manufacturer. He was also a member of the board of directors of the Toy Manufacturers' Association. That gentleman at one time employed 250 people in New York. He is now out of the manufacturing business, his labor is no longer employed, and he has become an importer. When he re-

signed from the Toy Manufacturers' Association he said that he found on a trip to Germany, from which he had just returned, that commercially Germany was beginning to win the war.

Another point, if we can not meet this kind of competition, the educational-toy business is not going to develop. I think that no one wants to see that toy business—the educational-toy business—destroyed.

Senator McLEAN. What percentage has dropped off?

Mr. GILBERT. Fifty per cent or more.

Senator McLEAN. How are prices now, as compared with a year ago?

Mr. GILBERT. Thirty, 40, or 50 per cent lower.

Senator WATSON. How do you want the bill changed?

Mr. GILBERT. So far as putting on a high enough tariff wall is concerned, we know that you can not do it. We can readily see that the question of keeping out German toys altogether is ridiculous. We asked the House for 60 per cent on foreign value. Since then the mark has dropped from $1.35 per hundred to $0.52. We think we ought to have a tariff of at least 70 per cent ad valorem on foreign value or a corresponding rate on American valuation. We need at least a 40 per cent duty on a value that is obtainable in this country and is tangible.

Senator SMOOT. Are you asking for a 70 per cent duty, based on the American valuation?

Mr. GILBERT. On foreign valuation.

Senator SMOOT. And 40 per cent on American valuation?

Mr. GILBERT. Not less than 40 per cent on American valuation. We really need more.

There is one recommendation that I should like to make. We think that some paragraph should be inserted in the tariff that would prohibit the importation of merchandise made in foreign countries under conditions that are not allowed in this country.

We are not permitted to use children in this country. There should be some clause in the bill that will prohibit manufacturers in foreign countries who use labor under conditions that we are not permitted to use from importing their goods into this country. We think that is an absolutely fair request.

Senator WATSON. How are you going to find out?

Mr. GILBERT. There is another change in the tariff that I want to refer to, and then I shall be through. This talk has taken up more time than I thought it would.

We ask that the portion of paragraph 1414 which refers to toy books read as follows: "Toy books printed on paper or cloth, unbound, or, flexibly bound, or in binding of cardboard bearing illuminated cover design for children, printed lithographically or otherwise."

Mr. Charles E. Graham will speak further on this point under paragraph 1310. We are simply going on record as supporting his request.

We have a man who has just returned from Germany with labor statistics. We would like to have this data in the hearing. We would like to have it in to show just what our request is and why it is made.

Senator McCUMBER. That will be printed.

Mr. GILBERT. That will save your time.

BRIEF OF ROBERT H. McCREADY, MANAGING EDITOR PLAYTHINGS.

Whenever the competition of German goods with American products is under consideration it must be borne in mind that the foreign exchange value of the mark has fallen far more rapidly than has the purchasing power of the mark in Germany. In November, 1921, wages and the cost of living in Germany were at about 15 times prewar figures, while the value of the mark, expressed in dollars, was approximately one-fiftieth. A workman in the toy district, who was paid 60 pfennigs an hour in 1914, received 7 marks 15 pfennigs an hour in November, 1921. The mark was worth 23.85 cents in 1914; it was worth less than half a cent in November, 1921. Thus the marks, bought with a dollar, had a purchasing power three and a third times as great when paying for labor costs in November, 1921, as they had in July, 1914. This extra buying power of the dollar has gone to enrich the German manufacturer, who sells at higher prices for export, the German Government, who takes part of the difference as an export tax, and the American importer, who sells the merchandise at the American market price.

I was told by an American importer that he had purchased toys in Nurnburg in October, 1921, at a cost of less than 3 cents landed in New York; these goods had a retail selling value here of 25 cents, and the importer said that he would sell at $18 a gross. Imported decalcomania transfer pictures costing 35 cents a gross landed are sold at 90 cents a gross by the importer, which is the same price at which he sells the domestic article, for which he pays twice as much.

The Chamber of Commerce (Handelskammer) of Sonneberg, in the heart of the toy district, estimated in October, 1921, that workers were receiving twelve to fifteen times prewar wages, lower office help eight to ten times, and higher office help three to four times. Rents have been advanced in only a trifling degree.

In the Sonneberg district, where many varieties of cheap toys are made, there is a single wage scale for all workers. This was, October 1, 1921, 7.15 marks for men of 25 years and 4.50 marks for women of 22 years. This is the basic "tariff," or minimum wage. Percentages are added for increased age up to 30, for each year of service up to 5, for married men or women who support some one besides themselves, and for economic crises, such as a sharp rise in the price of potatoes. Pieceworkers must be guaranteed 25 per cent above the minimum wage. In this district there are many house workers, who are really independent manufacturers, using their homes as factories and employing members of their own families and near-by neighbors as workers, and home workers, who take materials from the factories and are paid on the piecework basis.

In the Nurnberg district, making metal toys and a number of other toys of the more expensive type, workers are paid according to the "tariff" or wage scale of their work—metal workers, printers, lithographers, etc. The October scale ranged from 7 marks to 9 marks an hour as the "basic" figure, with increases as above stated for age, service, etc. Foremen had a basic wage, August 1, 1921, of 1,850 marks a month; superintendents, 2,100 marks a month. All workers as well as all employers are thoroughly organized and readjustments of wages are going on constantly.

Food costs in Germany in October, 1921, were approximately as follows: Bread, 8 to 9 marks for a 2-pound loaf; butter, 25 to 40 marks a pound; potatoes, 75 to 80 marks a hundred pounds; ham, 14 marks a pound; goose, 18 marks a pound; fish, 2 to 5 marks a pound (the German pound is about 10 per cent greater than the avoirdupois pound); milk, 3 marks 50 pfennigs a liter; eggs, 2 marks 60 pfennigs each; a suit of men's clothes, 650 to 2,000 marks; shoes, from 150 to 500 marks.

Thus workers earning from 4 cents to 10 cents an hour, with foremen at $10 to $25 a month, are competing with our own workmen. The German workman can buy good fish at 1 cent a pound, bread at 2 cents a pound, milk at less than 2 cents a quart, a very good suit of clothes for less than $5, and a pair of shoes for less than $1. To my way of thinking, these are the real figures to consider when adjusting tariff rates to meet cost of production.

There is a great and vitally important toy business which is distinctly American, built up by American genius, and superimposed upon the old toy business by American inventiveness and American vision. There are the many educational and instructive toys—the toys which lay the foundation for lives of usefulness, which train the hands and the brains and the hearts of American chil-

dren. There are the new dolls, which were created in wide variety and heretofore unknown naturalness, and thus opened up new fields, so that sales of dolls quadrupled during the "absence by request" of the German doll. It is this new industry, so graphically brought to the attention of this honorable committee by Mr. Gilbert, that must be protected against cheap foreign imitations. That new industry, founded upon a new idea of education as well as amusement, believing that American children should grow up with American ideals, created, not copied—this industry, with its hundreds of factories, with more than 40,000 workpeople scattered through more than half the States of the Union, needs the protection of an import duty which will take into account differences in labor and living conditions.

BISQUE DOLL HEADS.

[Paragraph 1414.]

STATEMENT OF W. H. FULPER, REPRESENTING THE FULPER POTTERY CO., FLEMINGTON, N. J.

Senator McCUMBER. What is your name and whom do you represent?

Mr. FULPER. W. H. Fulper. I represent the Fulper Pottery Co.

We manufacture doll heads. I have some figures here, which are made up on a comparative basis.

Our wholesale price is 316 per cent above the price on German doll heads. Our extreme price is 253 per cent higher; that is to say, our extreme price is 253 per cent higher than what I purchased these doll heads for in New York.

At the present time our business is practically dead so far as doll heads are concerned. We started in 1919. We built up quite a large business, and had a capacity of 20,000 doll heads per week. We discontinued the manufacture of quantities of doll heads in October, 1920, and made only a few fill-ins until February 11, 1921, at which time we discontinued all manufacturing of doll heads and had a large unsold stock on hand. We have made no heads for practically a year.

Senator LA FOLLETTE. You manufacture only the doll heads?

Mr. FULPER. Yes, sir; we manufacture only the doll heads.

It is practically all hand labor. Hand labor enters into the cost to the extent of 75 per cent. It has cost us approximately $100,000 to make possible the manufacture of bisque doll heads in America.

The Valuation Investigation Division of the Treasury stated that our exhibit of American bisque doll heads and German heads was the best exhibit of similar merchandise that the investigators had seen.

The quality of American bisque doll heads is recognized by experts as being at least equal to the best German doll heads. Other makes, such as English, French, and Japanese, are not in any way comparable in quality to the German heads. They are inferior in finishing and decoration.

The German doll-head industry is very large. Many thousands of persons are employed, and their skill has been developed from generation to generation over a period of more than a century. This doll-head industry can not be established in America and the necessary skilled workmen trained unless adequate protection is given in the new tariff law.

We understand that although doll heads are specifically mentioned in the paragraph in the present tariff law which refers to Parian, bisque, and similar products, they have been permitted to come in under the paragraph on toys and parts of toys at a duty of 35 per cent instead of 55 per cent, as specified in the other schedule.

We ask that this Treasury decision be definitely set aside or that the rate in paragraph 1414 be made 55 per cent on American valuation; 40 per cent on American valuation would not be sufficient. However, the rate in the Fordney bill which covers Parian, bisque, etc., is 55 per cent, and if doll heads are definitely classified under that paragraph we have the protection we need.

However, the protection of doll heads alone is not sufficient, because the head is the most important part of a doll from the standpoint of the cost of production, and unless dolls with bisque heads also have a protection of 55 per cent on American value our industry can not survive. For that reason we ask your committee to arrange so that the paragraph under which dolls with bisque heads will be classified shall carry the protection of 55 per cent.

May I file this statement?

Senator McCumber. Yes.

(The statement referred to is as follows:)

Prices of German samples.

Numbers.	Wholesale price per dozen.	Compares with our number.	Our best wholesale dozen price.	Our extreme manufacturers' dozen price.
390/1	$3.00	40	$9.00	$7.20
390/2	3.60	1	11.25	9.00
390/5	5.50	2c	15.75	12.60
390/6	6.25	2b	20.25	16.20
390/8	7.50	2a	27.00	21.60

The average per cent of increase over the German heads:

Our wholesale price is 316 per cent. Our extreme price is 253 per cent.

Our wholesale price is 25 per cent from printed list herewith attached. Our extreme manufacturer's price is 40 per cent discount from list prices.

Business done.—During the protection of the war we did approximately $70,000 worth of business in doll heads, and since then we have done nothing.

Production.—During the manufacturing of dolls we reached a maximum of 1,250 heads per day on March 12, 1920. We discontinued the manufacture of quantities of doll heads in October, 1920, and only made a few fill-ins until February 11, 1921, at which time we discontinued all manufacturing of doll heads, with a large unsold stock on hand.

We created skilled labor, some of which we are now using on other things, but most of them have left us and this work has been lost.

Comparison of business.—In 1919 we sold $27,454.20 worth of doll heads; in 1920 we sold $37,838.68 worth; in 1921, to August 1, we sold $3,471.96 worth.

With our present capacity we can make 20,000 or more doll heads per week. Hand labor enters into the cost 75 per cent. It has cost us approximately $100,000 to make possible the manufacture of bisque doll heads in America.

Quality.—The quality of our bisque head is recognized by experts as being at least equal to the best made.

Figures.—We have since late in 1919 to date sold over 106,500 of this figure and similar figures at an average price of 65 cents each.

BRIEF OF W. H. FULPER, REPRESENTING THE FULPER POTTERY CO., FLEMINGTON, N. J.

Your attention is called to bisque doll heads. In your hearing of December 17 these doll heads were classified as pertaining to paragraph 1414, whereas paragraph 1414 emphasizes articles not composed of china, porcelains, parian, bisque, earthen or stone ware. Therefore paragraph 213 would have to apply, according to the tariff act of 1921.

We respectfully request that a new paragraph be embodied in the act to cover the necessities of this industry that has been completely destroyed through importation, principally from Germany.

The field covered by paragraph 213 is a very large one, allowing for production of innumerable articles in vitrified wares, even in toys. Innumerable toys may be produced in bisque, giving manufacturers an opportunity of making other things than those that are directly competitive.

There can be no competition, however, with bisque doll heads. They are of the highest ceramic merit, have been produced in Germany since olden times, with efficiency that has grown with such long experience, and the technique has been handed down in families from generation to generation.

They are all practically the same design, have the same characteristics, and are all made for one purpose alone—to go on doll bodies. There is no chance open for novelty. It is simply a question of quality and price.

On account of the high ceramic ability and skill of the artist necessary to produce bisque doll heads and the low prices that have always prevailed for the finished articles, other potters than those engaged in this industry in Germany have never thought it advisable to take up their manufacture.

The war made an opening for this industry not only in America but in England, France, and Japan. Countries other than America, however, could not reach the standard set by the German product as far as quality is concerned. America did, however, reach the German standard, and experts agree that the American bisque doll heads are at least equal in all respects to the German product.

Skilled labor was developed at great expense and trouble, many thousands of heads destroyed during the education period, and from the beginning, which was about the middle of 1919, the industry developed rapidly for about one year, reaching a production of 1,250 bisque doll heads per day of perfect quality.

When the German product began to appear on the market the industry began to die, and at the end of 1920 it was extinct. From all reports, even as early as December, 1919, when a tremendous cargo of German dolls was offered in New York, Germany has made a special effort to regain its doll business in America.

With dolls and bisque doll heads practically on the free list the German success was phenomenal. From 100 or more doll factories in 1920 there is now a bare one-half dozen, and not one bisque doll head being produced.

With the low value of German money, with the use of child labor, and with the use of cheap labor, 40 per cent ad valorem is not sufficient protection on bisque doll heads.

Bisque doll heads, dolls with bisque heads, and bisque dolls, to make the imported competitive with the domestic, will require a 55 per cent to 60 per cent duty based on American valuation.

CRUDE ARTIFICIAL ABRASIVES.

[Paragraph 1415.]

STATEMENT OF ROBERT MacDONALD, REPRESENTING THE GENERAL ABRASIVE CO. (INC.), NIAGARA FALLS, N. Y.

Senator McCumber. Give your name and business to the reporter.

Mr. MacDonald. My name is Robert MacDonald, jr. I represent the General Abrasive Co. of Niagara Falls, N. Y.

Senator Smoot. Have you a brief?

Mr. MacDonald. Yes, sir. We are the only ones who are taking up the matter of the abrasive industry in the Senate Finance Committee hearings. In this connection I should like permission to go

over this brief quickly and to answer any questions that you may desire to ask.

Senator SMOOT. Do you want any change in rates?

Mr. MACDONALD. Yes; we do.

Senator SMOOT. What changes do you desire?

Mr. MACDONALD. We ask that the committee fix the duty on crude artificial abrasives at 20 per cent ad valorem, in order to partly compensate the American manufacturer for the difference in cost of production.

Senator SMOOT. Do you want it increased from 5 per cent to 20 per cent?

Mr. MACDONALD. Yes, sir.

Senator SMOOT. Do you want the same on crude as on refined?

Mr. MACDONALD. On a percentage basis, it should be.

Senator MCCUMBER. I suggest that you just cover the particular points in your brief and then file the brief with the committee.

Mr. MACDONALD. The tariff bill, as it passed the House, carries a duty of 1 cent per pound on emery grains or corundum grains and 20 per cent on other abrasive products, except crude artificial abrasives, which are listed at 5 per cent. This last figure, we say, should be increased to 20 per cent.

Senator SMOOT. Why do you want the same rate on crude as on the manufactured product?

Mr. MACDONALD. The only difference is that the abrasive grain is the crude abrasive broken into grains. It is practically the same thing.

Senator MCCUMBER. It should be an ad valorem rate, should it?

Mr. MACDONALD. Yes.

We manufacture crude artificial abrasives which we crush into abrasive grains. Our plant is located at Niagara Falls, N. Y., and all of our operations are conducted there. Our principal raw material is American bauxite. We employ only American labor. Our product is being used by a large majority of the American manufacturers of grinding wheels, by abrasive paper and cloth manufacturers, and by the polishing trades.

Senator SMOOT. Have you a brief that shows what you want?

Mr. MACDONALD. Yes, sir.

Senator SMOOT. Why don't you just file your brief?

Mr. MACDONALD. I thought possibly there might be some questions.

I want to call your attention to the fact that before the House Committee on Ways and Means there was a committee of the Grinding Wheel Manufacturers' Association, which really represented only the three grinding companies in the United States which have plants in Canada. These three companies want crude artificial abrasives left on the free list because they make them in Canada and ship them into the United States. This committee does not really represent the Grinding Wheel Manufacturers' Association. As a matter of fact, the majority of the more important members of the Grinding Wheel Manufacturers' Association, outside of the three companies I have referred to, have expressed the view that they favor a reasonable tariff on crude artificial abrasives, so as to insure a domestic supply of their principal raw material.

The American manufacturer of crude artificial abrasives is in great peril if there is not more protection, because the foreign manufac-

turer can put the same materials on the market in this country at less than it costs to make them here. If adequate protection is not given, the industry will be doomed so far as the American production of crude artificial abrasives is concerned.

While this brief covers the field more or less thoroughly, will that be given just as much consideration as if it were read here?

Senator McCumber. It certainly will, because the committee, when it takes up the schedules, will have to read the testimony, and the briefer it is the more likely members of the committee will be to read it in full. It will undoubtedly receive the same consideration as though you had given the testimony yourself.

Mr. MacDonald. I think the importance of the abrasive industry is not generally understood. The industry is of rather recent development, its principal growth covering a period of about 20 years. While no accurate figures are available for the number of men employed in the abrasive industry in America, it is estimated—and the estimates are based upon the Government reports—that over 25,000 people are engaged in the industry, which has an output the estimated value of which is in excess of $60,000,000 a year. The industry, as I have said, has grown rapidly during the past 20 years, and it may be said to be still in its infancy.

Senator McCumber. Is that all?

Mr. MacDonald. Yes. I can give you the names of the foreign manufacturers if you desire them.

Senator McCumber. No; it is not necessary to give the names.

Mr. MacDonald. Very well.

BRIEF OF ROBERT MacDONALD, REPRESENTING THE GENERAL ABRASIVE CO. (INC.), NIAGARA FALLS, N. Y.

Tariff bill H. R. 7456, section 1415, reads as follows:

"Emery and corundum grains and emery and corundum, pulverized, refined, or manufactured, 1 cent per pound; emery wheels, emery files, emery paper, and manufacturers of which emery or corundum is the component material of chief value, 20 per cent ad valorem; crude artificial abrasives, 5 per cent ad valorem."

We ask that the tariff on crude artificial abrasives be increased to 20 per cent ad valorem, on American valuation.

We manufacture crude artificial abrasives which we crush into abrasive grains. Our plant is located at Niagara Falls, N. Y., and all of our operations are conducted at this location. Our principal raw material is American bauxite, and we employ only American labor. Our product is being used by a large majority of the American manufacturers of grinding wheels, by abrasive paper and cloth manufacturers, and by the polishing trades.

The rate of duty on crude artificial abrasives proposed by the subcommittee on minerals and metals of the congressional Committee on Ways and Means in the first draft of the section on minerals and metals was 10 per cent ad valorem; but as finally reported this was reduced to 5 per cent at the request of the Canadian manufacturers of crude artificial abrasives. We submit that this rate is too low to protect the American manufacturer; that it is entirely out of proportion to the rate of duty specified on emery and corundum grains and on grinding wheels; that no real hardship would be imposed on anyone by increasing it; and that the Government revenues would be increased by so doing. In this connection, we submit the following statement.

IMPORTANCE OF THE ABRASIVE INDUSTRY.

From very small beginnings in the latter half of the nineteenth century the abrasive industry has grown rapidly in size and importance until to-day abrasives and abrasive products have become a necessity to practically every mechanical industry in the country. The whole modern system of duplicate parts depends largely upon the grinding wheel for the necessary accuracy and cheap-

ness of production. Such important industries as the manufacture of automobiles, tractors, cutlery, firearms, agricultural machines and tools, shovels, axes, carpenters' and mechanics' tools, graphophones, locomotives, metal furniture, glassware, electrical appliances, electric motors, gas engines, machine tools of all kinds, safes, jewelry and silverware, stoves, and a host of others, could not exist in their present form without the use of abrasives. Many industries that do not use abrasives directly are still indirectly dependent on the abrasive industry, since the tools and appliances they use must be prepared with the help of abrasives. The United States Government recognized the imoprtance of the abrasive industry during the war by classifying it as essential and awarding it priority orders.

No accurate figures are available for the number of men employed in the abrasive industry in America, but it is estimated from Government reports that over 25,000 persons are engaged in the industry with an output having an estimated value in excess of $60,000,000 a year. The industry has grown rapidly during the past 20 years and is considered to be still in its infancy, owing to the many new uses for abrasives and grinding wheels that are constantly being developed, and the increasing demand for accuracy and speed in the production of parts in the mechanical industries.

PROTECTION IS NECESSARY FOR AMERICAN MANUFACTURERS OF CRUDE ARTIFICIAL ABRASIVES.

The European manufacturer can sell crude artificial abrasives in this country for less than it costs to produce them here. His principal raw material, bauxite, is close at hand. There are enormous deposits of high-grade bauxite in France and Austria. In this country bauxite is found in commercial quantities only in Arkansas and Georgia. The American manufacturer must pay twice as much for his bauxite at the mines as the European manufacturer, and in addition must pay more than twice as much for the long freight haul to his plant, which must be located where cheap power is available. The European manufacturer located in southwestern France or in Switzerland, where he can obtain hydroelectric power for less than it costs anywhere in America, has only a short haul on his bauxite.

His labor also costs him far less. The relative cost of labor in central and southern Europe as compared with the cost of American labor has been so often and so fully investigated that no detail discussion of this subject is necessary here. It should be stated, however, that the labor employed in the manufacture of artificial abrasives is of the unskilled class and that compensation for the higher wages prevailing in this country can not be had in our industry through greater skill or efficiency.

The European manufacturer of artificial abrasives has therefore an overwhelming advantage in all of his principal costs of production, namely, bauxite, freights, power, and labor. To these advantages must now be added the current rate of exchange.

COMPARISON OF RATES ON ABRASIVE PRODUCTS.

In the tariff bill as it has passed the House a duty of 1 cent per pound is placed on emery grains, equivalent to about 20 per cent ad valorem, and a duty of 20 per cent ad valorem on emery and corundum wheels, emery paper, and other products made from emery and corundum grains. But only 5 per cent is placed on crude artificial abrasives. This is obviously out of proportion. A duty of 20 per cent on crude artificial abrasives, if added to the price of same, would increase the cost of grinding wheels by less than 5 per cent on the average. Five per cent on the average cost of imported crude artificial abrasives amounts to about two-tenths cent per pound; 20 per cent on imported grinding wheels amounts to 4 to 5 cents per pound.

INCREASE IN REVENUE.

The average value of crude artificial abrasives imported into the United States during the past four years is estimated at $3,000,000 per year. Twenty per cent of this amounts to $600,000, which may be considered the probable revenue in normal times.

EUROPEAN COMPETITION A REAL MENACE.

Since the war the importation of European abrasives has rapidly increased. Three of the largest European manufacturers, with factories in France and Switzerland, have established connections for the distribution of their products in this country and are now selling crude artificial abrasives here in important quantities. Long before the war the need of protection for the American manufacturer of abrasives was recognized by Congress. A duty of $20 per short ton on abrasive grains has been in effect since the passage of the Payne-Aldrich tariff bill. Abrasive grains are simply crude abrasive which has been broken into granular form. If a duty on abrasive grains is necessary, a similar duty on crude abrasives is equally so.

In 1915 crude artificial abrasive manufactured in Switzerland was sold for $56 a ton c. i. f. New York. This abrasive is still marketed in this country. It costs us $75 a ton to manufacture an equivalent abrasive. Abrasive grains of another foreign manufacturer are offered in this country at 6¾ cents a pound, which is 1½ cents less than we can sell the same material for.

A DUTY ON CRUDE ARTIFICIAL ABRASIVES NO REAL HARDSHIP TO CANADIAN PLANTS.

Three American manufacturers of grinding wheels, attracted by the lower rates for power prevailing in Canada, have formed Canadian companies to manufacture crude artificial corundum in that country. These are mainly pre-war enterprises—the largest having been established in 1910. They all use Canadian power, employ Canadian labor, and buy in the Canadian market. Considerable imported bauxite is used in these plants. The product of these Canadian companies is used principally for the manufacture of grinding wheels and other abrasive goods by the three American companies with which they are affiliated, and are not generally distributed among the grinding-wheel makers of the United States. In the manufacture of artificial abrasive grains about 65 per cent of the cost is in making the crude abrasive and 35 per cent in reducing this to the granular form.

These Canadian companies enjoy the lower power and other costs prevailing in Canada, but they do not have to pay the ocean freight which European manufacturers incur on products shipped into the United States. The duty, therefore, would not operate unjustly in their case. It would not affect unfavorably the foreign export business of these Canadian companies. In 1920 the cost of manufacturing crude artificial aluminous abrasive in Canada was $65 a ton, while it cost the General Abrasive Co. $75 a ton to manufacture the same abrasive in the United States.

The three grinding-wheel companies owning and operating the Canadian plants for the manufacture of crude artificial abrasives are the Norton Co., of Worcester, Mass.; the Carborundum Co., of Niagara Falls, N. Y.; and the Abrasive Co., of Philadelphia. They are opposing any duty on crude artificial abrasives in the name of the Grinding Wheel Manufacturers' Association. It is worth while noting that this committee on tariff matters, appointed by Mr. Tone, of the Carborundum Co., is composed of representatives of the three companies mentioned, namely, Mr. Carl F. Dietz, of the Norton Co.; Mr. F. J. Tone, of the Carborundum Co., and Mr. L. T. Byers, of the Abrasive Co. This committee was appointed before the present tariff bill was formulated. No instructions were given it and it has never made any definite report to the association, but it has been active in opposing a duty. Obviously the members of this committee are interested in preventing the imposition of a duty on account of their ownership of Canadian plants producing crude artificial abrasives.

None of these companies sell any of their product to American grinding-wheel manufacturers, therefore, all other wheel manufacturers must obtain their supply from other sources. There are 26 members in the Grinding Wheel Manufacturers' Association, and all of them, with the exception of the three named above, must obtain their supply of abrasives from American producers in this country or from other sources. Inquiry among these 23 grinding-wheel companies, who do not own plants in Canada, has shown that a majority of the more important members of the association (including the three having Canadian plants) do not oppose a reasonable duty on crude artificial abrasives. They feel that such a duty would be an advantage to all of the grinding-wheel manufacturers, except the three above named, because it would protect the

purely American producer of abrasives and thus insure and develop a dependable domestic supply of their principal raw material.

In the brief, which the above-named committee submitted on May 2, 1921, to the subcommittee on Metals and Minerals of the Congressional Committee on Ways and Means, there is one statement to which we wish to call particular attention.

In the paragraph headed "Works erected in Canada under war demands" is the following sentence: "They were very reluctant to erect these furnace plants on the Canadian side, but were driven to it under the stress of patriotically meeting the demand for their products." As a matter of fact, the furnace plants in Canada of these companies were operating at substantially their full capacity before the United States entered the World War. The conflict in Europe stimulated the demand beyond the capacity of existing plants. Most of the expansion to meet this excess demand for artificial abrasives was made by these three grinding wheel companies in Canada, where power rates and other manufacturing costs were lower.

In view of the facts above noted, and the obvious advantage to the abrasive industry as a whole in having adequate protection for the domestic producers of crude artificial abrasives, we trust your committee will not be misled by opposition to the duty on the part of representatives of the three companies mentioned as voicing the opinion of the majority of the Grinding Wheel Manufacturers' Association.

NO INCREASE IN PRICE OF ARTIFICIAL ABRASIVE GRAINS WOULD BE CAUSED BY A DUTY ON CRUDE ABRASIVES.

A duty on crude artificial abrasives would not result in any increase in the price of abrasive grains now being charged by American manufacturers. It would merely help to place the American manufacturer more nearly on an equality with his European competitor. It would require a higher duty than now contemplated to fully equalize the difference between the production cost of crude artificial corundum in Europe and in America.

PROTECTION FOR AMERICAN INDUSTRIES THE ESTABLISHED AMERICAN POLICY.

Protection for American industries has long been the policy in this country. It was indorsed by the voters at the last national election. The manufacture of crude artificial abrasives in the United States is of prime importance to the industries of this country in times of peace and war, and should be protected against foreign competition to the extent required by differences in cost of production here and abroad. We ask that the Senate Finance Committee fix the duty on crude artificial abrasives at 20 per cent ad valorem, in order to partly compensate the American manufacturer for this difference in cost of production.

STATEMENT OF F. J. TONE, NIAGARA FALLS, N. Y., REPRESENTING THE GRINDING WHEEL MANUFACTURERS' ASSOCIATION.

We believe crude artificial abrasive should remain on the free list because—

1. It is the basic raw material of the industry and of American origin.
2. The proposed tariff would be a revenue tariff purely and on a raw material.
3. American industries should not be penalized for establishing Canadian plants to meet war demand.
4. American labor is not displaced.
5. It would handicap foreign trade.

The grinding-wheel manufacturers of the United States, comprising 27 plants, represent an industry the manufactured products of which in 1920 amounted to over $28,000,000. Their principal raw material is crude artificial abrasive, now on the free list, paragraph 479. In H. R. 7456 a duty of 5 per cent is proposed.

Crude artificial abrasives, comprising principally carborundum and aluminous abrasives, such as alundum, are products of the electric furnace and can only be economically produced where electric power is obtainable at low price and in large quantity. For this reason up to 1914 the principal seat of the industry was at Niagara Falls, N. Y. During the war a vast increase in the production of grinding material was made necessary by the demands of the munition manufacturers in the grinding of guns, shells, airplane and automobile parts, railroad equipment, and in arsenals and plants making ordnance and all classes of munitions. It was impossible to increase the electric-furnace production at

Niagara Falls, N. Y., or elsewhere in the United States on account of the shortage of electric power.

WORKS ERECTED IN CANADA UNDER WAR DEMANDS.

A power comptroller appointed by the Secretary of War allotted Niagara power to industries in order of their importance for munition purposes, principally to the Chemical Warfare Service, and for other war chemicals and materials for the Ordnance Department. The American abrasive manufacturers were, therefore, obliged to expand their electric-furnace departments on the Canadian side, where there was a surplus of electric power. The result is that at the present time the major portion, or about 75 per cent, of crude artificial abrasives used in the United States is made in Canada but with American materials and American capital. The abrasive manufacturers made a big contribution in the winning of the war. They were very reluctant to erect these furnace plants on the Canadian side, but were driven to it under the stress of patriotically meeting the demand for their products. It would, therefore, be a measure of great injustice if they should now be penalized by imposition of a tariff on crude artificial abrasives, which would really be a tax on materials of American origin.

AMERICAN LABOR NOT DISPLACED.

It should be made clear that the Canadian plants herein referred to are merely the electric-furnace departments of large American industries. They are not complete plants turning out a finished product, but manufacture simply the crude abrasive. Nothing is done in Canada except to put the material through the electric furnace. This requires very little labor. For example, in making aluminous abrasives we start with American bauxite mined in Arkansas and crushed and calcined in Arkansas. This is shipped to Canada, melted in the electric furnace, forming crude artificial abrasive. It is then brought back to the American side, where it goes through some eight or nine refining operations, all requiring labor. At this stage it is called abrasive grains. It is then distributed to the manufacturers of grinding wheels and abrasive products, the manufacture of which involves some 15 operations, which require a large amount of labor. For every laborer used in Canada to make crude abrasive 10 laborers are required in the United States to make the finished product.

FOREIGN TRADE.

It is understood that the new tariff law will be framed not only to protect American industries but to expand foreign trade. Manufacturers of grinding wheels and other abrasive products have developed a large foreign market. They are selling these products in Canada, South America, Europe, the Orient, and most of the countries of the globe in competition with English, German, and other European manufacturers. The American grinding wheel is recognized as the best in the world and is making headway against cheap foreign wheels solely on basis of quality. Taxing our raw material will be a big handicap in developing foreign trade.

PROPOSED TARIFF NOT PROTECTIVE.

The proposed tariff would be a revenue tariff pure and simple, and we protest that the raw materials of grinding-wheel makers should not be taxed unless all raw materials are to be taxed generally for revenue purpose.

ABRASIVE CLOTHS AND PAPERS.

[Paragraph 1415.]

STATEMENT OF GEORGE UPTON, REPRESENTING AMERICAN GLUE CO., BOSTON, MASS.

I represent the American Glue Co., Boston, Mass.; Manning Abrasive Co., Troy, N. Y.; Herman Behr & Co. (Inc.), Brooklyn, N. Y.; and Baeder Adamson Co., Philadelphia, Pa., and in their behalf respectfully call the attention of

your committee to the following facts pertaining to the duties proposed in H. R. 7456 and imposed in prior bills on abrasive papers and cloths.

The only specific mention of abrasive paper in previous tariff bills was in the act of 1913, which made a provision for emery paper as follows: "Paragraph 343. * * * Emery paper * * * 20 per centum ad valorem." This provision has been inserted in H. R. 7456, paragraph 1415.

The Board of General Appraisers under the act of 1909 classified sandpaper as surface-coated paper, and it has been since that time so classified and treated. (See abstract 37663.)

Abrasive cloths since the tariff act of 1897 have been classified as "manufactures of cotton or of which cotton is the component material of chief value not specially provided for."

Emery paper, which is the sole abrasive paper or cloth specially treated in any tariff bill, is only one of 10 to 15 kinds of surface-coated abrasive papers and cloths, and for the information of your committee I herewith submit the following list of abrasive papers and cloths which are manufactured in this country: Emery cloth; emery paper; flint cloth and flint paper; garnet cloth and garnet paper; flint, emery, and garnet polishing paper; glass paper; artificial cloth and paper, i. e., cloth or paper coated with artificial abrasives; chalk flint cloth and paper; and crocus cloth.

The purpose of this brief is to ask your committee to especially deal with the foregoing enumerated abrasive surface-coated papers and cloths as a unit and impose on them a 25 per cent ad valorem duty, which is less protection than these commodities now enjoy under the tariff bill of 1913 and received under the tariff bill of 1909. For your convenience I am quoting the duties imposed under the tariff bills of 1909 and 1913 on paper and cloth abrasives:

Cloth abrasives.—1909 bill, paragraph 332, imposed a duty of 45 per cent ad valorem on "manufactures of cotton or of which cotton is the component material of chief value."

1913 bill, paragraph 266, imposed a duty of 30 per cent ad valorem on "manufactures of cotton or of which cotton is the component material of chief value."

H. R. 7456, paragraph 920, if passed, imposes a duty of 28 per cent ad valorem on "manufactures of cotton or of which cotton is the component material of chief value."

Paper abrasives.—1909 bill, paragraph 411, imposed a duty of 5 cents per pound on "papers with coated surface or surfaces not specially provided for."

1913 bill, paragraph 324, imposed a duty of 35 per cent ad valorem on "papers with coated surface or surfaces not specially provided for."

H. R. 7456, paragraph 1305, if passed, imposes a duty of 5 cents per pound on "papers with coated surface or surfaces not specially provided for."

It will be noted that under the foregoing tariff bills sandpapers and cloths have enjoyed substantial protection, and it is, of course, desirable and necessary that this industry should be properly protected. We suggest that a 25 per cent ad valorem duty on all materials of this nature based on the "American-valuation plan" is adequate protection to the industry, and that a separate paragraph adopting the following wording should be inserted in H. R. 7456, now before your committee for consideration, covering abrasive papers and cloths:

"All papers, cloths, or combinations of paper and cloth, wholly or partly coated, with artificial or natural abrasives, or a combination of natural or artificial abrasives, 25 per centum ad valorem."

If the American-valuation plan is not adopted and made a part of the proposed tariff bill, we respectfully request your committee to impose an ad valorem duty of 35 per cent on all abrasive cloths and papers. This duty is substantially equivalent to the protection afforded the industry by the 1909 and 1913 tariff bills based on foreign valuation.

In conclusion, I would like to point out to your committee that we are not asking for an increase in rates on these commodities but are striving to obtain definite recognition of this industry in the pending tariff bill to prevent any possible future misunderstanding as to the proper tariff duties to be imposed on commodities of this nature.

MATCHES.

[Paragraph 1417.]

STATEMENT OF FRED FEAR, REPRESENTING THE MATCH MANUFACTURERS' TRAFFIC BUREAU, NEW YORK CITY.

Senator McCUMBER. Mr. Fear, you are to take up the subject of matches, are you?

Mr. FEAR. Yes, sir.

Senator SMOOT. In order that I may have a record, I will ask you if the House rates are agreeable?

Mr. FEAR. We desire to ask that a change be made. We recommend 25 cents per gross on boxes containing 100 matches or less and 3 cents per thousand on boxes containing over 100 matches.

Senator SMOOT. The House gave you 1 cent and 6 cents, did it not?

Mr. FEAR. Yes.

Senator SMOOT. And you want 20, do you?

Mr. FEAR. We want 25.

Senator SMOOT. And you want 3 cents instead of 1?

Mr. FEAR. Three cents; yes, sir.

I represent eight small match factories situated in the various States of the Union—two in Pennsylvania, two in Ohio, one in Illinois, one in Minnesota, one in Michigan, and one in Indiana. There are also two or three smaller manufacturers that we are not directly in touch with, but these represent the entire match industry in the United States, with the exception of the one big company, the Diamond Match Co.

We would not be here to-day were it not for the fact that the subcommittee of the Ways and Means Committee informed us when we went down to see them that when this bill was being passed they had really paid very little attenttion to the subject of matches, because the Diamond Match Co. had not asked them for a hearing or expressed any particular wish for a tariff.

If they had inquired a little bit into the reason why that was so they would have found that this big company has such foreign connections that it does not make any difference to them what the tariff on matches is—whether it is a big tariff or not. If it happened to be a big tariff, they could run their factory in Savannah, Ga., on which they spent in the neighborhood of $1,500,000 in order to erect it. That factory is shut down to-day because their foreign connections bring them in matches cheaper than they can make them in this country.

This subcommittee has very kindly told us—the entire committee—that we were privileged to tell you gentlemen that they paid very little attention to this subject, but that they would be very glad to confirm this statement to you if you so desired.

The situation to-day with respect to the foreign manufacturer of matches is this: He can lay matches down here, due somewhat to the exchange conditions, for 15 cents per gross of 144 boxes. This same number of matches, our style of matches, would cost the American manufacturer somewhere between 70 cents and 90 cents a gross to produce.

Senator McCumber. They can do it for 15 cents per gross?

Mr. Fear. Yes; they can do it for 15 cents per gross. He is getting in this country to-day anywhere from 50 to 75 cents for this same match that he could lay down for 15 cents, so that our low tariff is holding an umbrella over him for to get these profits.

Senator McCumber. You say that he could lay them down for 15 cents, but he does not?

Mr. Fear. No; but they could be brought over here to-day for 15 cents.

The tariff for which we ask would bring to this country considerably more money than the Fordney bill, if it were put in. If 4,000,000 gross of matches were brought to this country, under the Fordney bill they would net this country about $240,000, whereas the tariff that we request would bring the country about $1,000,000.

When the foreigner sends his matches to this country he enjoys all the benefits of cheap chemicals, cheap lumber, and cheap labor, with no overhead or other charges in this country. Our United States manufacturers under this proposed Fordney tariff will pay a duty on their important chemicals—such as: Phosphorous, 10 cents per pound, which is, at least, 50 per cent of its fair market value; chlorate of potash, 1 cent per pound, plus 15 per cent, or about 40 per cent of its prewar price—whereas, the proposed Fordney duty on matches at 6 cents per gross is only 6⅔ per cent of the actual cost of manufacture by the American factories of this same type of match.

The match manufacturers of the United States have a capital investment of approximately $50,000,000 and they employ in the neighborhood of 12,000 workmen. They pay Federal, State, and city taxes, and they pay their workmen a reasonable wage. We believe that this American institution is worthy of and needs Government guardianship in the form of a reasonable tariff on matches to prevent the dumping of cheap foreign-made matches into our domestic market in competition with their product.

The companies now in existence are all making a high-grade standard match, but very few of them are making a satisfactory profit on their investment. With their present equipment, however, these companies are able to supply the entire match needs of this country, and if the match manufacturers of the United States were making all of the matches which are consumed in the United States, they would all have enough business to make them all profitable enterprises.

The present type of American match is a product developed by scientific research and practical experience. It has been designed to conform to all fire-prevention laws and regulations and is the safest match in the world to-day from a fire-hazard standpoint.

Since the year 1913 all matches manufactured in the United States have been made of nonpoisonous ingredients, and the development from the old-time sulphur smelly match to the present high-grade American safety strike-anywhere match is an industrial achievement of which the American public should justly feel proud.

It may seem that we are asking for a big tariff when we ask for 25 per cent; yet our neighbor, Canada, has put a duty of 25 per cent on matches and at least 2.5 cents tax when sold to the jobber.

During the hearings before the Ways and Means Committee of the House several of the Congressmen there expressed the fear that

if they put a big tariff on matches it would destroy the 1-cent box. They were afraid that the people could not get this box for 1 cent. That, however, is not the fact. The duty of 25 per cent will still enable both American and foreign producers to make matches that will sell for a penny a box, if they are to be imported. That is the small box that I have reference to. These are the domestic small boxes and these are the foreign small boxes [indicating].

Senator McCumber. These are the penny boxes of matches?

Mr. Fear. Yes.

The fear was expressed that they could not be sold for a penny if they put a heavy duty on. There is no question at all but that the smaller factories really need this tariff to enable them to make money.

Take my own factory as an illustration: We have invested between $600,000 and $700,000. It has been running 12 years. In all this period only three years have we been able to pay dividends, and that was the time when it was hard to get foreign matches over here. Our factory was running full, and we then made sufficient profit to enable us to pay modest dividends.

I wish to call your attention to importations of matches as shown in the brief that I desire to file and also in the memorandum that I left with several Senators last evening.

In 1907 there were $201,927 worth of foreign matches imported; in 1918, $3,856,901.

The Japanese have come in during the last few years, and this is shown by the amount of matches coming from Japan. In 1909 they sent over only $491 worth; in 1918, $1,008,879.

Gentlemen, this tariff will not increase the price of matches to the consumer, but it may give our factories a chance to run.

The manufacturers of matches in this country to-day are capable of supplying every family in the United States with all the matches they want and need. We feel that you can give this duty to us and protect our industry without jeopardizing the interests of the consumer in any manner, shape, or form.

Senator McCumber. The consumer who can buy matches that are made so cheaply in this country certainly ought not to complain very much.

Mr. Fear. No.

BRIEF OF FRED FEAR, REPRESENTING THE MATCH MANUFACTURERS' TRAFFIC BUREAU, NEW YORK CITY.

We, the undersigned, being a number of the smaller match companies of the United States, respectfully petition your honorable committee to recommend an increase in the present tariff on matches in order that we may be able to successfully compete with foreign manufacturers.

We recommend the following duty be assessed on matches: Twenty-five cents per gross on boxes containing 100 or less matches, 8 cents per 1,000 on boxes containing over 100 matches.

The principal reasons why we feel justified in asking for an increase in the present tariff on matches are as follows:

1. American match manufacturers have demonstrated that they can make the best match in the world, and are capable of supplying the entire needs of this country.

2. No country in Europe or Asia has been able to produce a satisfactory American type of match, and yet, on account of cheap labor and raw materials, foreign-made matches are imported into this country under the present tariff and sold at prices at which it is impossible for the American manufacturer to compete.

3. The match manufacturers of the United States have a capital investment of approximately $50,000,000, and employ approximately 12,000 workmen, and pay Federal, State, and city taxes, and to their workmen a reasonable wage; and this American institution is worthy of and needs governmental guardianship in the form of a reasonable tariff on matches to prevent the dumping of cheap foreign-made matches into our domestic markets in competition with their product.

DEVELOPMENT.

The development of the match industry in the United States has been a difficult and uphill undertaking. It is estimated that in the past 30 years during the development of the match industry in this country at least 300 to 400 match companies have begun operations, and yet the actual number existing in the United States to-day does not exceed 20.

The companies now in existence are all making a high-grade, standard match, but very few of them are making a satisfactory profit on their investment. With their present equipment, however, these companies are able to supply the entire match needs of this country, and if the match manufacturers of the United States were making all of the matches which are consumed in the United States they would all have enough business to make them all profitable enterprises.

The present type of American match is a product developed by scientific research and practical experience; it has been designed to conform to all fire-prevention laws and regulations, and is the safest match in the world to-day from a fire-hazard standpoint.

Since the year 1913 all matches manufactured in the United States have been made of nonpoisonous ingredients, and the development from the old-time sulphur, smelly match to the present high-grade American safety strike-anywhere match is an industrial achievement of which the American public should justly feel proud.

The match industry of the United States is threatened by the Scandinavian countries on the east and the oriental countries on the west. Sweden is a match-making country, and their association with Germany gives them an ample supply of potash, and their nearness to Russia gives them a supply of suitable match timber.

Japan is a country abounding in cheap labor, and this labor is very skillful with their hands; and Japan is likewise able to draw from eastern Russia a supply of timber and is itself a producer and exporter of potash.

It is safe to say that but for the recent regrettable war America would have been flooded with oriental and Scandinavian matches as the result of the reduction in tariff which became effective with the act of 1913, and the very existence of the American match industry is now threatened by the importations now being made from these two countries.

MATCH PRODUCTION IN THE UNITED STATES.

The match production of the United States covering the years 1913 to 1920 is as follows (estimated):

	Gross.		Gross.
1913	22,394,000	1917	28,805,000
1914	20,305,000	1918	26,565,000
1915	22,549,000	1919	13,282,000
1916	26,362,000	1920	25,480,000

MATCH IMPORTATION INTO THE UNITED STATES.

As above stated, the principal countries from which matches are imported into the United States are Sweden and Japan, and below is given the importation of matches into the United States for the years 1910 to 1920, inclusive:

Fiscal year—		Fiscal year—	
1910	$372,945	1916	$975,605
1911	588,309	1917	1,969,968
1912	510,146	Calendar year—	
1913	730,170	1918	3,675,728
1914	882,795	1919	1,249,452
1915	662,307	1920	912,136

Importation of matches from Japan for the years 1910 to 1919, inclusive:

Fiscal year—		Fiscal year—	
1910	$1,016	1916	$257,455
1911	4,067	1917	937,647
1912	5,980	Calendar year—	
1913	10,928	1918	858,738
1914	22,876	1919	730,338
1915	50,339		

WAGES.

In the record of hearings before the Committee on Ways and Means, Schedule N, held January 29, 1913, and printed by the Government Printing Office, Tariff Schedule No. 22, on pages 4329 to 4332, inclusive, is a brief presented by some of the match manufacturers of the United States. This brief contains a schedule showing the rates of prewar wages paid in the various match-manufacturing countries.

We have no data at hand as to what these particular countries are now paying their labor, but we do know that the American match manufacturers' costs have increased fully 100 per cent, and to date we have heard of no match manufacturer in this country reducing wages in his plant.

During the year 1917 a report was prepared by an investigator on the ground, showing the average earnings per day of Japanese match workers, which was as follows:

	Cents.
Child labor:	
Matchbox making	10 -12
Labeling boxes	10 -12
Painting boxes	[1] 12
Woman labor:	
Framing match splints	17½-20
Unframing match splints	17½-20
Unskilled	17½
Specially skilled	22½
Male labor:	
Dipping splints	35 -40
Unskilled	20 -40

COMPARATIVE COSTS.

It is difficult to give the comparative costs of the foreign matches as compared with the domestic matches, for the reason that the foreign matches are all packed in small boxes containing between 50 to 60 matches, whereas American matches are mostly packed in large boxes containing 400 to 500 matches.

During the prewar period foreign matches were brought to this country and sold as low as 25 cents per 1 gross of 144 boxes, duty paid. To-day the price at which these same matches are sold is $1 per gross. We are reliably informed that these same matches are being sold in Sweden to-day for $1.40 per gross, proving that the United States can be used by the foreign manufacturer as a dumping ground, and that under the present tariff they are able to sell their output for less money in the United States than they are asking for the same product in their own country.

In conclusion and to reiterate, we beg to say that for the reasons above given, and particularly in view of the fact that the American match manufacturers are able to supply the American people with a match peculiarly suited to their needs, and which is recognized as the best match made in the world to-day, that this American industry should be protected by reasonable tariff, which would at least enable the American manufacturer to compete with imported matches made under insanitary conditions and with the cheapest of labor and raw material.

We feel that the tariff asked for is reasonable, and we request the careful consideration by your committee of the facts above stated.

[1] Average.

SUPPLEMENTAL BRIEF.

In addition we desire to state a few reasons why the tariff on matches as proposed in the Fordney bill is not adequate for the protection of the match industry, particularly the smaller companies.

It is acknowledged by the subcommittee who had charge of Schedule N in the Ways and Means Committee that the subject of matches received scant attention and that the addition of the 3 cents per gross of 144 boxes on "strike on box" matches has simply put them back to the same duty as existed under the Payne-Aldrich bill, and it is simply no protection at all. (See speech of Congressman Mott, Congressional Record, July 14, at foot of page 3954.)

Because the largest manufacturer of matches in the United States (Diamond Match Co.) did not appear before them it was taken to mean that there was no need of a high tariff, and, therefore, the subject was practically ignored; whereas, the truth is, this large company is so fixed, due to their foreign connections and interests in foreign plants, that no matter which way the tariff was placed it would make no difference to them. If there was no duty they would be satisfied as they could bring matches in from abroad and make a profit. If there was a high duty then they could afford to make the matches in this country, because during the war they erected a large factory at Savannah, Ga., for manufacturing this foreign type of matches, spending $1,500,000 on same. When the war ended and their foreign connections could make matches cheaper than they could make them in this country, they closed it down, and it is now closed down. If a proper duty was placed on matches, undoubtedly this factory would be now running, employing a large number of workmen here, and all other match companies in the United States would be enabled to compete with the foreigner.

In the act of 1883 the duty on matches was 35 per cent ad valorem. Therefore, the amount asked, 25 cents per gross, is not excessive.

Matches of "strike on box" type cost to produce in this country from 80 to 90 cents per gross. Foreign matches are now being imported here and sold duty paid for from 45 to 75 cents per gross.

It is estimated that the match industry of the United States has invested about $50,000,000 and employs approximately 12,000 workmen. These factories and workmen are making the highest quality of match produced in the world. The present type of match made in the United States is different from any other match made in any country in the world, and no other country has been able to match it.

Every consumer knows the cheap and inferior matches that are being brought to this country from abroad, and the American match manufacturer should be protected against such matches and competition.

The output of the American match factories has grown very little since 1913. (See page 3289, Book No. 31, Tariff Information, 1921.) Compare the growth of the American match factories with the importation of matches:

In 1907 importation matches valuation was $201,927; in 1918, $3,856,901.

Note the competition from Japan: In 1907 Japan importation matches valuation was $972; in 1918, $1,008,879.

These phenomenal increases take just that much business from the American producer and hold their output down.

Canada has a duty of 25 per cent on matches, plus 2½ per cent tax when sold to jobbers. Sir Alexander McGuire, C. M. G., is now in Canada organizing and building a $5,000,000 match corporation, with the idea that most of the output will be exported. The United States being near, undoubtedly they will work there the hardest, unless the American manufacturers are protected by a reasonable tariff.

A tariff of 25 cents per gross on the small boxes of "strike on box" matches will not increase the price to consumers; they will still be retailed for 1 cent per box.

Our country is looking for revenue. If 4,000,000 gross matches are imported under the Fordney bill the revenue will be $240,000; make the duty 25 cents per gross, it will be $1,000,000.

The raw materials, chemicals, etc., used in matchmaking bear a high duty which the American manufacturer has to pay. Surely, then, matches made broad with cheap chemicals, cheap lumber, cheap labor, etc., should carry a high duty.

The foreigner has no overhead charges on his matches. In this country the American manufacturers have, and they in addition have to pay Federal taxes,

State taxes, and are subject to the Interstate Commerce Commission. Bureau of Explosives, State compensation inspections, etc.

The present returns to the manufacturers in the United States of matches are inadequate for fair profits. Their investments in their plants are enormous. their traveling expenses and costs of selling higher than ever before.

The capacity of the match factories in the United States are sufficient to supply the whole country if no matches were imported here. We do not ask that foreign matches be prohibited from this country; but we do ask that a proper duty be put upon them, so that the American match manufacturers can compete with their high quality matches, which the foreigner can not make and can only undersell us by sending us cheap and inferior matches.

The price of foreign matches were not reduced when the Underwood bill reduced the tariff, and the price to the consumer will not be increased if you place a 25 cents per gross duty on same now. We have recently heard of a purchase made by the Tobacco Products Co. of this country from a foreign manufacturer whereby they bought 4,000 gross of matches at 15 cents per gross, which included the present duty of 3 cents.

(Signed by Pennsylvania Match Co., Bellefonte, Pa.; National Match Co., Joliet, Ill.; Sommers Bros. Match Co., Saginaw, Mich.; Union Match Co., Duluth, Minn.; Ohio Match Co., Wadsworth, Ohio; Reliable Match Co., Ashland, Ohio; Indiana Match Co., Crawfordsville, Ind.; Fred Fear Match Co., Bloomsburg, Pa.)

PREPARED FOLIAGE.

[Paragraph 1419.]

STATEMENT OF HON. ANDREW J. HICKEY, A MEMBER OF CONGRESS FROM THE STATE OF INDIANA.

The CHAIRMAN. Mr. Hickey, you are not on the list, but you speak for some one?

Mr. HICKEY. I speak for Mr. Fred Hensch, of La Porte, Ind.

Senator WATSON. Who is on the list?

Mr. HICKEY. Who is on the list. My name is Andrew J. Hickey. I am a Member of Congress from the thirteenth Indiana district. I wish to thank the chairman very much for his courtesy in permitting me to speak very briefly to this subject out of order, and I assure the chairman I will not take more than four or five minutes' time. Mr. Hensch, the president of this concern, owing to a death in his family, was prevented from being here to-day, else I would not ask this courtesy. I do so because I have matters on the other side that require my attention.

Senator DILLINGHAM. You are speaking in relation to what paragraph?

Mr. HICKEY. The paragraph in which I am interested is No. 1419, in relation to prepared foliage. In the House bill it was 1418, on page 64, but in the Senate Document No. 66 you will find it as paragraph 1419. It relates to prepared foliage, and the particular item that I am interested in is:

Natural leaves, plants, shrubs, herbs, trees, and parts thereof, chemically treated, colored, dyed, or painted, not specially provided for, 45 per cent ad valorem.

We feel that the duty should be increased to what it is at present, or what has been ruled by the Treasury Department to be the duty at present, if not higher. The duty as imposed by the Treasury Department, while it is not specifically provided for in the 1913 act, this product has been charged in certain provisions of that act with a duty of 60 per cent ad valorem.

This is practically a new industry, gentlemen. Prior to 1913 this product was not made in the United States at all. In 1913 Ove Gnatt organized a small company at Hammond, Ind., and began the manufacture of this product. Later, in 1914 or thereabouts, he located at La Porte, Ind., and built a plant there and began the manufacture of this product.

I may say in this connection that this product consists of leaves, twigs, branches, and trees treated chemically and made into wreaths for funeral purposes and Christmas foliage, and also made into baskets, and also carried as novelties. This industry has grown because of war conditions until at present in the sections of the country where it is made I think there are employed about 2,000 men. In addition, of course, a good many men are given employment in making the crates in which this product is shipped, and the boxes in which it is shipped, and things of that kind. Quite a large number of people are employed in gathering the product, part of which is grown in this country and part of which is grown in foreign countries.

Now, prior to the war this American market was supplied very largely—I think almost entirely—by Germany, Italy, France, and the Scandinavian countries; but the war itself imposed one of the best tariffs that could be conceived of, and that enabled the industry to grow until it is in a very prosperous condition at this time. Taking into account labor conditions in Europe and other conditions there, we feel that unless a very substantial duty is placed upon this product the industry will undoubtedly not be able to succeed. And so my purpose in coming before you to-day is to emphasize this fact, and, if possible, have a duty that will be high enough to protect the industry and encourage its growth in this country.

Senator SMOOT. What are you asking for?

Mr. HICKEY. Sixty per cent.

Senator SMOOT. On the American valuation?

Mr. HICKEY. On the American valuation; yes.

Senator SMOOT. The present duty is 60 per cent on the foreign valuation?

Mr. HICKEY. Yes; the present duty is 60 per cent.

Senator CURTIS. Have you a brief there?

Mr. HICKEY. I have a brief covering the question very fully. I wish to submit it in connection with my remarks, and I thank you very much for giving me this opportunity to present my case.

BRIEF OF FRED HENSCH, LA PORTE, IND., REPRESENTING THE OVE GNATT CO. (INC.).

We are taking the liberty of offering for your consideration a few thoughts with respect to paragraph 1419 of the pending tariff bill as it recently passed the House of Representatives of the present Congress. In this paragraph, on page 155, line 15, after the semicolon the following was inserted:

"Natural leaves, plants, shrubs, herbs, trees and parts thereof, chemically treated, colored, dyed, or painted, not specially provided for, 45 per cent ad valorem."

This refers particularly to what is commercially known to the florists and decorators' trade as "prepared foliages."

There are many items of prepared foliages made in this country which will be detrimentally affected by foreign competition unless ample protection is afforded in the pending tariff legislation, but we will here mention but a few

which are manufactured by ourselves, as these few we can speak about with authority and full knowledge.

The manufacture of prepared foliages in the United States is comparatively new, the first made being in 1913. Prior to that time the goods were all imported from Germany, Italy, France, and the Scandinavian countries. In 1913 Mr. Ove Gnatt started the development of that industry in the United States, and a slow but steady development ensued; and with the advent of the war, which practically established a prohibition against the importation of this commodity, the entire home consumption of the products was made in America, until to-day in excess of 2,000 people are employed in the manufacture of these items and are directly dependent upon the industry for a livelihood; it is impossible to estimate the number indirectly benefited, as hundreds of thousands of cartons and packing cases are used in marketing the products, and the dyes, paints, chemicals, and other items which go into their preparation approximate enormous proportions.

Prepared foliages under the tariff bill of 1913 are not specifically provided for, but under a Treasury decision were construed to come within paragraph 438 of the tariff act of 1909 and paragraph 347 of the tariff act of 1913, and carried a 60 per cent duty. As to the difference in wages paid in this country compared with the wages in Germany, Italy, and the Old World countries, you gentlemen of the committee know better than we can tell, but we feel safe in saying that our wage scale, in American value, is from five to ten times greater than that paid in these foreign countries.

An item of serious moment in the establishment of costs here as compared with foreign valuations is the enormous advances in transportation, both ocean and inland, and whereas many of the plants which we prepare are natives of the Old World, and the foreign manufacturer receives his raw material at a minimum of cost, we in America must necessarily provide amply for transportation charges to obtain our raw material.

Since the closing of the war many of these goods of foreign manufacture have appeared on the American market at prices which are absolutely ruinous to the home manufacturer; in many cases at far less than the American cost of production without regard to profit or expense of carrying on trade.

For your information we are pleased to review briefly a few of the most stable items of prepared foliage made in America to-day, the manufacture of which can only continue providing ample tariff is afforded to care for the difference in cost and rates of exchange in this country as compared with the foreign:

Oak leaves.—There are about 400,000 pounds of these used in this country annually, of which all have been prepared here during the period of the war. Since the war these goods are being brought over from Germany and Italy in large quantities, at a price about 50 per cent less than they can be produced and sold for here at a living profit.

Beech leaves.—The same applies to this article as to oak leaves, except that there are only about 150,000 pounds used per annum.

Cycas leaves.—This is a palm leaf that grows only on the Island of Formosa, Japan, and there are about 3,000,000 leaves used in the United States per annum. Before the war, the greater part were sent from Kobe to Germany, where they were prepared, and distributed throughout the world. During the war the entire amount consumed in America were prepared here, but at present they are again appearing on the market from foreign manufacture, at prices 50 per cent less than our cost to manufacture.

Lycopodium or ground pine.—This article is a stubby pine, which grows in the colder parts of the country, as northern Michigan and Wisconsin, and throughout the New England States. There is about 500,000 pounds consumed in the United States annually and during the season furnish employment to the pickers (many Indians) to the extent of about 500 to 700 people. These goods also grow in large quantities in the colder climates of Europe, and a considerable quantity in Japan. Tariff on the raw product would not affect this article, as a sufficient quantity grows in this country to supply all of the demand, although some is brought in in small quantities from Japan and Scandinavian countries, but an import duty on the prepared or finished article, in our judgment, should be further increased to equalize foreign labor and exchange conditions.

Ruscus.—This is a bushy foliage growing in Italy, Switzerland, and parts of France. It is imported to this country in both the natural and bleached state to the amount of about 400,000 pounds annually, which when prepared and finished weighs about 500,000 to 600,000 pounds. The preparation of the same,

in many different ways, since the war has developed into an industry of some magnitude in this country, but since the termination of the war the German goods are again offered in this market at from 50 to 75 per cent less than they can be sold for at the cost to manufacture here. The raw material, both natural and bleached, in our opinion should continue to come in duty free, as they do now.

Magnolia leaves.—The foliage of the magnolia tree, which grows in abundance in Florida, Georgia, and Alabama. Same also grows in profusion in Italy, and some are now coming in from there, although during the war all that were consumed in this country were prepared here. In excess of 1,000,000 pounds are annually used in the United States. They are not brought here from abroad in their natural state. as they do not arrive after the long journey in condition to stand proper preparation.

Inasmuch as the American market is ample to absorb the entire product of our factories there is no valid reason why foreign prepared foliages should be permitted to compete, as long as our manufacturers do not unduly advance the prices to an unfair degree. We believe it safe to assume that our manufacturers will not be guilty of such indiscretion as evidenced by the fact that despite the enormous advances in costs of both labor and material during the war, with foreign competition almost nil, the prices on these commodities were not advanced on any item in excess of 50 per cent—barely sufficient to absorb the increased cost of production.

This new American industry must be preserved. All reasonable incentive should be offered for its further development, and that can only be accomplished by the imposition of a reasonable tariff on the finished products.

We believe an ad valorem duty of 70 per cent instead of 45 per cent, as provided by the House, is highly essential and very necessary if the industry is to thrive.

ARTIFICIAL FLOWERS AND FEATHERS.

[Paragraph 1419.]

STATEMENT OF SAMUEL ZUCKER, REPRESENTING FLOWER AND FEATHER IMPORTERS, NEW YORK, N. Y.

The CHAIRMAN. Mr. Zucker, will you state your full name.

Mr. ZUCKER. Samuel Zucker.

The CHAIRMAN. What is your business?

Mr. ZUCKER. We are manufacturers and importers of flowers and feathers.

The CHAIRMAN. Where do you reside?

Mr. ZUCKER. At No. 6 West Thirty-sixth Street, New York.

The CHAIRMAN. You speak as both manufacturer and importer?

Mr. ZUCKER. Yes, sir.

The CHAIRMAN. Which is the larger part of your business?

Mr. ZUCKER. Importing.

The CHAIRMAN. Do you manufacture in this country or abroad?

Mr. ZUCKER. In this country.

The CHAIRMAN. Will you go on now and explain to the committee your views?

Mr. ZUCKER. Mr. Chairman and gentlemen of the committee, relative to the tariff as it applies to artificial flowers and feathers, we might state that our house imports and manufactures these goods, and from our experience of more than 30 years we have found the facts to be practically as follows:

Merchandise that can be imported profitably in large quantities in competition with that of the domestic manufacturers must be confined to a very large extent to such articles as forget-me-nots, lilacs, lilies, small fruits, etc., and these are in fact the raw material of American manufacturers in conjunction with the domestic product

in assembling into leaves and other millinery decorations. The large flowers, such as roses, wreaths, poppies, camelias, gardenias, etc., are more likely to be of domestic manufacture. The small work is and will be confined to small towns and villages in Europe, and these goods are made during the winter season, as the women employed or who do make these articles work in the fields during the entire summer. This condition will always remain, and for this reason, during the 70 years which our industry has existed, we have never been able to make or produce these goods and we never will. The work is tedious and is not the kind of work that our women would want to do, as there are so many other fields of employment for our women we can not get them to do this kind of work. And even at the suggested rate under the American-valuation plan we could not produce similar articles on account of the tediousness of the work and the small quantities that could be produced.

The claim made by the domestic manufacturer that these goods are made to-day in Germany by child labor is not true. These conditions may have existed prior to the war, but in no instance can it be proven to-day that child labor is employed in our industry. This can be easily verified, as the labor unions connected with our industry in Saxony insisted that they dispense with child labor.

Senator SMOOT. How long ago is that?

Mr. ZUCKER. Within the past year.

Senator SMOOT. It must be recently, because I do know that child labor was used in this business.

Mr. ZUCKER. It does not exist to-day, Senator. I would not make the statement if I was not absolutely certain about it.

Senator SMOOT. That is the reason I asked you when it was.

The CHAIRMAN. Is it forbidden by law?

Mr. ZUCKER. Yes, sir; it is forbidden by law; they are compelled to go to school in Saxony, which is the home of our industry.

Our industry has been fully considered by the American Tariff Commission, and it has prepared a survey thereof entitled "Tariff Information Surveys" on the articles in paragraph 347 of the tariff act of 1913.

From this it will be seen that the articles to which we refer are not ones requiring greater protection, and any increase in the duties thereon will result only in additional expense to the American woman and voter and of no advantage whatever to American labor.

For a period of five years, during which the markets of Germany were entirely closed to us, and those of France so demoralized as to be barely productive, our home industries had ample opportunity to turn their hands to such articles as have been strictly the product of foreign countries. The failure of their efforts, if any, could not possibly have been due to competition; and, if price was the determining factor, it was because the article could not be made here at less than a prohibitive price and could therefore not be made salable.

The CHAIRMAN. Is your opinion that the committee might endanger the loyalty of the women voters by adverse action? [Laughter.]

Mr. ZUCKER. Absolutely, Senator. There is no question about it, and I am strong for the girls. [Laughter.]

To endeavor to equalize prices by an exaggerated tariff would give no benefit to the manufacturers other than positively to prevent the importation of goods which they themselves can not make. For im-

ported merchandise at prohibitive prices is no more salable than domestic. We maintain that there is no conflict between items of domestic manufacture and items of import. What is made in this country can not be imported at anything near the home price; what is imported can not be made here at any price.

That is the contention on this small work that the great fuss and argument is made.

Senator SMOOT. What percentage of your business do you make in the United States?

Mr. ZUCKER. I should say, offhand, about 20 to 25 per cent.

The CHAIRMAN. Where is your manufacturing plant located?

Mr. ZUCKER. At No. 6 West Thirty-fifth Street.

The CHAIRMAN. How many people do you employ?

Mr. ZUCKER. In our factory?

The CHAIRMAN. Yes.

Mr. ZUCKER. About 50 or 60.

The CHAIRMAN. Proceed.

Mr. ZUCKER. We desire to submit for your approval a brief of the Flower and Feather Importers' Association of America, and there are certain points we wish to call to your particular attention.

The claim made by the domestic manufacturer that the present rate of duty of 60 per cent, under the present form of valuation, on our article is not ample can not be substantiated by facts, and under any other form of valuation this rate of duty should certainly be very materially reduced.

The flowers imported into this country, while they are the finished product of the foreign work people are the raw material of the American manufacturer of hats and millinery, and any enhancement of the present rate of duty will be reflected in continuing the prices of such articles or an increase thereof, and the blame for which will be placed upon your committee by the milliners and retailers and will certainly be resented by the American woman, the ultimate consumer of all of this importation, and she will doubtless record such resentment in a form disastrous to the present administration. [Laughter.]

We have here a varied line of samples that can be made in America. They show the exact foreign cost, the exact landing price, when the goods were bought, the conditions under which they were bought. The bulk of these goods were bought about June 18, 1921, when the mark was 1.46 and a fraction; deliveries were promised for July and August, and were only delivered in October. The fact remains that these goods were not delivered in July, making the element of speculation which is so serious in our business a very expensive thing to the importer. We are perfectly willing to have this committee show these samples now to any domestic manufacturer in our line who happens to be in the room at this moment and let him state honestly whether he could not produce every single article at a profit at the same price that they cost us to lay down in this market.

If you will permit me, here are the samples [exhibiting samples to the committee]. There are no secrets; everything is there.

I would like to speak to you, first, about this particular thing; this [referring to sample] is the original that I bought in June; it cost us $9 a dozen to lay down. Here are all the facts, right on this ticket. The man in this room copied the thing and sold it for $5.25. We did not buy it from him in the domestic market. We bought it from

another manufacturer. His price is $3.87½. If the price of $5.25 is not correct, you can have me put down as the biggest liar out of jail. Mr. Engel, was this your price?

Mr. ENGEL. Yes.

Mr. ZUCKER. $5.25?

Mr. ENGEL. That is right.

Mr. ZUCKER. Here is my original, imported August 9; here is the other fellow's copy at $3.87½.

Senator SMOOT. Is your article just as good as the imported article?

Mr. ZUCKER. Here [indicating samples to the committee] they are, Senator.

Senator DILLINGHAM. You perhaps are a better judge than we are.

Mr. ZUCKER. I will say it will answer the purpose. And these are German goods.

Mr. ENGEL. Are these made in Germany?

Mr. ZUCKER. Yes, sir.

Mr. Engel is the largest domestic manufacturer of flowers in America.

Senator McCUMBER. Why do you buy the German product when you can get it for about one-third in the United States?

Mr. ZUCKER. When I bought this thing I bought it in June, and I thought I would have it here before the other fellow—and there is where my business is so hazardous—that instead of having it here before the other fellow, he had it ahead of me.

Senator McCUMBER. What did the American product sell for at the time you bought your product?

Mr. ZUCKER. It was not made then. This is comparatively a new thing.

Senator SMOOT. What would it cost to-day?

Mr. ZUCKER. These goods cost me $9 a dozen.

Senator SMOOT. You said they cost 4.50 marks?

Mr. ZUCKER. That is $9 a dozen laid down. When I bought these goods the mark was 1.46 and a fraction, and while we paid duty at the rate of 3 mills in 93——

Senator McCUMBER (interposing). If you would order them to-day, what would they cost you?

Mr. ZUCKER. If I ordered these goods to-day?

Senator McCUMBER. What would they charge you?

Mr. ZUCKER. Four hundred and fifty marks.

Senator SMOOT. That would be $2.25 a dozen; what would you pay for them?

Mr. ZUCKER. I am not figuring duty and landing charges.

Senator SMOOT. That is what I want to figure. The duty on those is——

Mr. ZUCKER (interposing). Sixty per cent.

Senator SMOOT. That is right; that would be $1.35.

Mr. ZUCKER. Landing charges, 15 per cent.

Senator SMOOT. Fifteen per cent would be $3.97½.

Mr. ZUCKER. There is the record—$3.87½, less 10 per cent.

Senator SMOOT. That is what you say you paid?

Mr. ZUCKER. These are facts. I have here simply articles that can be made in the United States. The great bugbear is on this question of flowers, that we have never made, never could make—we could have made them during the war, there is no question about it,

but they did not make them. This is one of the big questions to put to the domestic manufacturers. Do they want to protect American labor? Not by a jug full. They want to increase their profits, which is easily proven. There is no question about it. You can call upon Mr. de Jong.

Here is an article that cost $12 a dozen. Let him state whether he can produce it for that price. Here is another article that cost us $14.40. Mr. Goodman, did you make a similar article to this for $3 a dozen, not quite so good?

Mr. GOODMAN. Not anywhere near as good.

Mr. ZUCKER. But there is a difference between $14 and $3, is there not?

Mr. GOODMAN. There is also a difference between yours and that we made, but $3 margin is some margin.

Mr. ZUCKER. We do not need to ask you. I have just returned from Germany, and I know the condition of the value of the mark as well as any man. We can pick out items we just bought and paid duty on that would be more comparable than any of these items.

The CHAIRMAN. The cross-questioning is an irregular proceeding before the committee. Go ahead and make your statement without entering into discussions and arguments with others.

Mr. ZUCKER. I want to speak about another item that I bought foreign. It costs to-day $3.60 a dozen to lay down. I buy in this market that article at $4 a dozen, 10 per cent, which is $3.60, which is an item now on order with a domestic manufacturer, and I have ordered in very large quantity [exhibiting samples to the committee].

The CHAIRMAN. How do you describe it?

Mr. ZUCKER. We call it a chiffon grape pattern, silk and chiffon, and made of artificial silk. We buy goods in this market, and wherever we can buy them we do buy them. That is the domestic copy [indicating] and this is the pattern [indicating another sample].

I just merely want to say that I did not pick these samples out intentionally to deceive the committee. These are goods which can be made in the United States to-day successfully, and the domestic manufacturer can undersell us in every single instance.

While goods bought in Germany in 1919–20 were cheap, conditions to-day are entirely different. We were able, until several months ago, to buy goods in marks. This condition does not exist to-day; and the German manufacturer to-day refuses absolutely to sell in any other money excepting dollars and cents, which fact, in itself, prevents us doing business on a number of articles that are highly necessary in our industry, particularly of great value to the domestic manufacturer in making his own product a fashionable and salable one.

We have been forced in the past few weeks, instead of being able to place orders in Germany, to cancel. They have not kept up with their deliveries.

The CHAIRMAN. What is the trouble?

Mr. ZUCKER. The trouble is that the depreciation of the mark put these people in a position, a great many of them small manufacturers, where they really could not afford to deliver, the mark dropping from 1.46 to what it is at the present time. Those people who could fill orders did so, and others refused to fill orders because they were not in a position to stand the loss.

If any form of valuation other than that now used should be adopted, we desire to state to the committee the decrease in the present tariff rate that should properly be made in order not to increase to the ultimate consumer the price of these importations. The present rate of 60 per cent based on foreign valuation should not exceed 15 per cent.

Our reasons for making it clear that the tariff should be 15 per cent under the suggested American valuation plan are as follows:

We bring over an article, for example, costing $4 a dozen in Germany. We pay a duty on this article at the present time of 60 per cent, which is $2.40, and the cost of landing these goods would be another 15 per cent, or 0.60, making the article cost us $7 a dozen. Ordinarily we would sell this article for $10.50 a dozen—when I speak of that price, that is when we sell them quickly. But if you knew the mistakes and blunders I make—and I happen to be the buyer for our institution; and if you do not think I make them, you ought to ask my junior partner. The risk is so great that where we buy 10 colors in the pattern, nobody living has ever demonstrated that he could buy 10 shades all of which were good—three or four or five might be good, and the losses which do occur through bad purchases of the different shades makes our business hazardous.

Senator SMOOT. The manufacturer has that same risk, does he not?

Mr. ZUCKER. The manufacturer makes up a line of samples, and he goes out and takes orders, and carries no made-up stock. There is where he has distinct advantage over the importer.

As I say, ordinarily we would sell this article for $10.50 a dozen, less the customary discount, which would be 84 cents a dozen, or $9.66 a dozen net, figuring the net cost of importing an article costing $4 in the country of origin.

Under the suggested plan, take the same article costing $4 a dozen, and we are compelled to put a selling price on this article of $15 a dozen; we would then have to pay a duty of $7.50. Imagine paying a duty of $7.50 on an article costing in the country of origin $4. The expense of bringing in this article would be 60 cents, making this article cost $12.10 net. At $15, with the customary discount of $1.20, would bring this article down to $13.80 instead of $9.66 as at present.

The reason for making the claim that under the suggested plan a duty of 15 per cent or less would be ample is as follows:

Is it fair to assume or provide by tariff law that an article costing $4 a dozen in the country of origin must be sold in America for $15 a dozen in the face of a 60 per cent duty, which exists at present, which price will be necessary under the provisions of the present House bill?

It has been stated before your committee that if the imported article were gotten out of the way factories could be kept running for 12 months in the year. This is absolutely a misstatement. Our article depends entirely upon the whims of fashion. When Dame Fashion suggests that flowers are the wanted article the domestic manufacturer becomes so busy, and at the same time so independent, he will not listen to you, much less talk to you. In the past few weeks business with the importer has been so very bad that the matter of receiving duplicate orders, which at this season of the year we would have a right to expect and look for, have been nil. This is due

simply to the reason that at the present moment fashions are against us. Women are wearing hats at the present principally embroidered and have no other trimmings, and therefore the price of an article, whether cheap or expensive, does not enter into any argument. But there is a probability that flowers will be the fashion next spring or summer, and at a time when it will bring to the women most forcibly an increase in the cost of her millinery, and the proposed base selling price of $13.50 net instead of $9.66 net. Under the present plan we sell these goods for $9.66 a dozen net, and will be forced to sell them under the proposed plan at $13.80 net, and the women, who, after all, is the ultimate consumer, would not be able to buy this article, as the retail price would be prohibitive, and under the present rate and plan, though we are paying 60 per cent, she can buy this article at retail at a price which she can pay. It is not worth more than $1.75 to $2 apiece, and under the proposed plan she would be compelled to pay $2.50 to $3.50 apiece for identically the same thing. It would not be hard to imagine what the feelings of the American woman will be against this present administration if you make this law effective or make it a law. When you take into consideration the very few people engaged in this manufacture in this country and the very large number of consumers of this product, in fixing this rate of duty—one, in the few thousands and the other in the many millions—the American importer is really the protector of the American woman in what is to her an absolute necessity in this appearance before your committee.

Senator McLEAN. Why is it that goods cost so much in Germany?

Mr. ZUCKER. At the present moment?

Senator McLEAN. You say it costs more to make these articles in Germany than in this country? Why is it?

Mr. ZUCKER. Because the mark has depreciated so. Nobody has ever accused the German of not being an arithmetician. He can figure as well as we can, and the minute the mark decreases he raises his price. Further than that, they have had about four advances in the price of labor. That is really the reason these goods have increased in price so materially.

Senator McLEAN. Then you want the committee to understand that the reason these goods cost so much is that German wages are so high?

Mr. ZUCKER. They have gone up so much—I do not mean to say that German wages are as high as they are in this country, but the duty is the protection against that and everything else.

Senator DILLINGHAM. Do you know what the wages are there?

Mr. ZUCKER. I do not, and no man can tell you that, manufacturer or importer. The German to-day wants exactly 2¼ cents a mark for every single article he sells you. I do not know what the mark is to-day, but yesterday 100 marks could be had for 56 cents; and he insists on 2¼ cents a mark, and that ought to answer your question.

Senator McCUMBER. Is not this a fact, that the German exporting to the United States without reference to what it cost him to produce will sell the product for everything he can get in the United States and will sell them as near the American price as he can?

Mr. ZUCKER. Do you think that is against the German manufacturer?

Senator McCUMBER. I am asking you if that is not the fact?

Mr. ZUCKER. I think it is.

Senator McCUMBER. Every country would do that?

Mr. ZUCKER. Yes.

Senator McCUMBER. And that accounts, does it not, for the price they are charging for the importations which you have mentioned?

Mr. ZUCKER. Yes.

Senator McCUMBER. Rather than the cost of manufacturing in Germany?

Mr. ZUCKER. I am not prepared to say absolutely whether your question is exact, but I should take it that it was; and if that is so, where does the cry and howl come from of the American manufacturer at the present moment? If we can not bring goods in as cheap as these people produce them, where are we going to land?

Senator SMOOT. There is a difference between what you land them for and what you could land them for if you had a disposition to take the market, and, of course, that is what you will do. If you have got to sell cheaper and will sell cheaper, you are going to do it.

Mr. ZUCKER. Right.

Senator SMOOT. And that is the only reason we want to protect the American manufacturer.

Mr. ZUCKER. So do I, and so does every importer in our business. We want to protect the domestic manufacturer to the very hilt; and above all we want to protect the American labor.

If you increase your duty to what you please, I am frank enough to state that labor will not profit one scintilla. The prices these people pay to-day are the top-notch prices that they can afford, and there is no question about it in my mind that it will only give the manufacturer an extra profit, and his profit is big enough now, because there is a manufacturer in this room at the present time who stated openly that his profits last year were over $200,000 per year, and I want to say to you, Senator, that there is not an importing house in our business that could even dream of quoting any such figures as that.

Senator SMOOT. How much does this manufacturer import of these goods?

Mr. ZUCKER. I do not know.

Senator SMOOT. He is an importer as well?

Mr. ZUCKER. He is about 95 per cent manufacturer and about 5 per cent importer, possibly not that.

Senator SMOOT. The manufacturer of this article [indicating]?

Mr. ZUCKER. Yes, sir; that is the man I had in mind. [Meaning Mr. Engel.]

Senator SMOOT. Are you an importer?

Mr. ENGEL. No.

Senator SMOOT. You do not import any goods at all?

Mr. ENGEL. Very little.

Senator SMOOT. You want 15 per cent on this per gross, do you?

Mr. ENGEL. We want more if we can get it.

Senator SMOOT. Is 15 per cent enough to protect you?

Mr. ENGEL. It is not.

Senator SMOOT. That is what Mr. Zucker was asking for. What do you think you ought to have?

Mr. ENGEL. About a thousand per cent.

Mr. ZUCKER. Do you think they are modest, these domestic manufacturers?

Mr. ENGEL. It is an extreme case.

Senator SMOOT. I knew it was extreme, and that is what I was going to ask you. Why do you sell this article for less than that can be imported from Germany?

Mr. ENGEL. What is the use?

Senator SMOOT. Is there local competition?

Mr. ENGEL. No. We did not know that that was brought into the market at that price.

Senator SMOOT. If it was, you would have sold it at that price?

Mr. ENGEL. Sure. We sell everything at 10 per cent profit. Our business is all done on 10 per cent profit.

Senator SMOOT. No matter what classes of goods?

Mr. ENGEL. Yes.

Senator CURTIS. It is a fixed rule of your company?

Mr. ENGEL. Yes; 10 per cent profit, and Mr. Zucker said we made $200,000——

Senator MCLEAN (interposing). Let him answer that. Yours is the firm that made $200,000?

Mr. ENGEL. That is what Mr. Zucker said.

Senator SMOOT. You are going to be a witness, are you?

Mr. ENGEL. Yes.

Senator SMOOT. Then you can answer that when you are making a statement.

ADDITIONAL STATEMENT OF JACOB DE JONG, NEW YORK CITY.

Mr. DE JONG. Mr. Zucker has shown to you samples which were imported by Mr. Zucker for the purpose of exhibiting to your committee. It is not an article of general importation, and I do not think that one-tenth or one-hundredth of 1 per cent of the importations of artificial flowers are represented by those samples. In those samples the material forms 90 per cent of the cost and the labor practically very little; and they are made by an exclusive manufacturer in Berlin, the same as you can buy a suit of clothes for $200, and if you can get a good suit of clothes at $25 or $30. These [indicating] are the goods that are being imported and come over in quantities at the rate of a thousand cases a month. [Exhibiting numerous samples to the committee.] These are the goods, because they have arrived within the last week. Here [indicating] is an article that is being sold, not the other one [indicating Mr. Zucker's sample].

Here [indicating] is an artificial flower of silk and velvet of the same kind and class as Mr. Zucker showed. This cost in Berlin, where the manufacturing is dearer, 180 marks. This was bought in Berlin in the last weeks of November for 180 marks a dozen. This [indicating another sample] was bought at 150 marks per dozen.

Senator LA FOLLETTE. Was that specially purchased for this committee's inspection?

Mr. ZUCKER. No; pardon me.

Mr. DE JONG. These are the goods coming in.

Mr. GOODMAN. They just arrived this week.

Mr. DE JONG. At a price of 180 marks, landed to-day, and this is the class of goods wanted [referring to samples]. This is imported in hundreds and thousands of dozens. Here is the staple article.

Mr. ZUCKER. What does this cost?

Mr. DE JONG. The price is on there, and the manufacturer's name.

Mr. ZUCKER. What is the present price?

Mr. DE JONG. There you see the present policy of foreign valuation. These goods do not come in at half the duty paid, and goods that come next week which pay 100 per cent more duty, just according to the rate the German manufacturer fixes the duty.

If the article that Mr. Zucker showed is sold for less in this country than abroad, what objection can they have to American valuation? Why do they claim that American valuation would keep out those goods or make it so they could not import them? It would be less than at present foreign valuation.

These are the kinds of goods we are competing with.

I employ ordinarily 400 or 500 workers. I sold Mr. Zucker during the war tens and tens of thousands of dollars' worth of my product, and since the war I have not sold him $200 worth of goods. He had a big factory during the war, which he scrapped. An importer told me that last month was the biggest month this importer had had in the history of his business, and we as manufacturers can say that last year was the most disastrous year we ever had. In my own business we did a business of half a million dollars, and I will prove to your committee by certified accountant's statements that our profits have not amounted to anything, and that we have worked at a loss.

Senator WATSON. On account of importations?

Mr. DE JONG. On account of importations, absolutely.

Senator WATSON. And not on account of the general depression?

Mr. DE JONG. These goods are not affected by general depression; they are an article of fashion. Whether you make the duty 25, 50, or 100 per cent, if this is wanted you can not keep out a single bunch or dozen. It does not make any difference. The duty does not regulate it.

Here is an article [exhibiting sample] imported in quantities. This cost 17 cents a dozen to land. Is it not natural to you gentlemen of this committee if the labor that worked on that sample Mr. Zucker showed you gets $2 a week, as you can tell by your statistics, and the same worker gets $25 a week here, that this must be an extraordinary exception? How should it be possible that the German article that cost to produce in Germany less than $1 should be landed at $9 per dozen?

These are the conditions. We can under no circumstances compete with the foreign article that is being imported in quantities, and not the exception that is brought over in order to mislead your committee, because that is not the article of general trade, and that is not the one that hurts. We would not have to lay off thousands of employees; bankruptcies and receiverships would not take place. The manufacturers are driven out of business. Mr. Zucker was driven out of business. He can not deny that. Some of his employees came to me for work, and I gave them work.

Those are the actual conditions, and it is only a question of whether these goods should be imported, and whether the importers should

control in this business, or whether the American industry should survive.

These [indicating] are the goods that come in, and the prices on them will convince you that it is utterly impossible for American manufacturers to compete.

There is no camouflage in this. The facts are very simple. If we could make goods in competition with foreign manufacturers at the present rates of duty, there would not be 5,000 or 6,000 people out of work in our industry.

There [indicating sample] is a product manufactured in our factory considered superior to any goods imported into this country, even by Mr. Zucker. In fact, these were made by us two years ago, during the war. This article Mr. Zucker will admit and other importers will admit is a creation of mine; and these importers took these samples and gave them to German manufacturers to copy and they landed them here at prices that were utterly impossible for us to compete with.

ORNAMENTAL FEATHERS.

[Paragraph 1419.]

STATEMENT OF FREDERICK M. CZAKI, NEW YORK, N. Y., REPRESENTING THE MILLINERY CHAMBER OF COMMERCE OF THE UNITED STATES.

Mr. CZAKI. Mr. Chairman and gentlemen of the committee, I appear on behalf of the Millinery Chamber of Commerce of the United States, who urge the retention in the bill, as it came from the House, of an amendment to old paragraph 347 of the present tariff act in paragraph 1419.

The present change is to add birds of paradise to the list of birds the bodies and plumage of which are specifically prohibited from importation by the terms of the old act. As stated in our brief:

> The bill annexed proposes to add birds of paradise to the class of plumage the importation of which is expressly prohibited by the proviso at present contained in paragraph 347, Schedule N, of the tariff act, and to add a further proviso which shifts the burden of proof to the possessor of prohibited plumage to affirmatively establish lawful possession in case of seizure or forfeiture proceedings. It also adds an explanatory provision making it clear that the act of March 4, 1913 (the migratory bird law), remains unaffected, and requires the appropriate governmental officers to report infractions of that or any other State or Federal law to the proper authorities having control of their enforcement in cases where the facts developed show that there have been infraction of those laws, but no illegal importation.

The necessity for this legislation, gentlemen, is due to the fact that the present inhibition has become a practical farce. The smuggling of prohibited feathers has become a scandal, and it has been impossible with the machinery at the disposition of the Government to stamp out the illegal trade in these prohibited birds.

I may say that the gentlemen whom I have the honor to represent have the indorsement and backing of all of the Audubon societies of the United States, of the representatives of the biological department of the Government, of Dr. Hornaday, whom you all know; and there has been, so far as I have been able to learn, no opposition whatever to the provision which we have proposed to be incorporated in this new act.

Senator SMOOT. Have you a brief that sets forth your proposed amendment?

Mr. CZAKI. I have, and I have filed a number of copies with the clerks and wish to have one inserted in the record.

Senator McCUMBER. It may be inserted in the record.

(The brief is as follows:)

MEMORANDUM IN SUPPORT OF PROPOSED MEASURE.

[Before the Committee on Ways and Means in the matter of the bill introduced by Representative Luther W. Mott, of New York, amending Par. 347, Schedule N, of "An act to reduce tariff duties and to provide revenue for the Government and for other purposes," approved Oct. 3, 1913.]

In order to make more effective the means now provided by statute for enforcing the prohibition against the importation into the United States of prohibited plumage, Representative Luther W. Mott, at the request of the Millinery Chamber of Commerce of the United States, has introduced a bill, H. R. 14661, which, on December 7, 1920, was referred to the Committee on Ways and Means. Since then hearings on this bill, in connection with the hearings on the proposed new tariff act, were held by that committee on February 8 and 10, 1921, and the following gentlemen heard in support of the measure: Mr. Frederick Bode, president of the Millinery Chamber of Commerce; Mr. Rufus Davis, chairman of its plumage committee; Mr. T. Gilbert Pierson, president of the National Association of Audubon Societies, and Mr. William T. Hornaday, director of the New York Zoological Society and the Permanent Wild Bird Life Protection Fund.

The action of the Millinery Chamber of Commerce of the United States in sponsoring the proposed legislation has received the commendation of the Treasury Department, the Department of Agriculture, the Biological Survey of the United States and the Audubon societies interested in the preservation of wild bird life, and it has every reason to believe that the proposed legislation will receive the official approval of said departments when it is submitted to them for that purpose by the Ways and Means Committee.

As the result of conferences held at Washington on February 10 and 11, 1921, between the representatives of the governmental departments and the presidents of these societies, suggestions were made which it was thought advisable to adopt necessitating certain changes which are embodied in a new bill now proposed and, as annexed hereto, this bill meets in all respects the views and suggestions, informally expressed, of the representatives of the departments of the Government with whom the administration of the law rests.

At the conferences referred to the question was considered whether it was advisable to incorporate in the proposed new legislation on the subject and advocate a provision prohibiting the sale of the plumage of all wild birds the importation of which is prohibited. Such a suggestion had been made and addressed to the Ways and Means Committee by one Alexander Luban, doing business as Wolpins (Inc.), Restaurateurs, Newark, N. J.

The incorporation of such a provision would be disastrous in the extreme to the entire fancy feather trade of the country, and for the following reasons: Many of the large dealers, prior to the enactment of the tariff act of October 3, 1913, anticipating that the importation of the plumage of all wild birds would be prohibited, purchased abroad valuable stocks of the plumage, bodies, and parts of wild birds. Dealers still have large and valuable stocks of such merchandise, the importation of which is now prohibited. Many of the varieties of wild birds are permitted to be sold and freely dealt in under the laws of the various States of the Union, such as game birds and others for which there are open seasons. Therefore, to prohibit by Federal legislation the sale of the bodies and plumage of all wild birds would simply destroy the entire industry, result in wholesale confiscation, and cause a resulting loss so large as to be incalculable.

Furthermore, as the result of the prohibition of importation, a new industry, involving large capital, has been created by the manufacture from the feathers of domestic fowls of imitations of prohibited plumage. This industry now employs a very large number of skilled workers, mostly women and young girls, whose product is so like the real that experts are frequently deceived. Hence, to forbid the sale of the plumage of wild birds would discourage the sale and consumption of imitations for fear of inability to detect the difference. The jobber, the dealer, the milliner, and certainly the women who use the article will never feel safe that they are not infringing upon the law.

These considerations were sufficiently persuasive to convince all those interested in the matter to abandon the idea of requesting that the sale of such plumage be prohibited, especially as no question of the public health, morals, or other such consideration was involved which would otherwise justify so drastic an employment of the police power which alone renders such legislation constitutional. Accordingly, when Messrs. Pierson and Hornaday addressed the Committee on Ways and Means they offered no such suggestion and unqualifiedly advocated the bill without such provision and as it is now proposed.

We are advised that, at the conclusion of his remarks, Mr. Pierson inadvertently left upon the table in the committee room a written memorandum previously prepared by him, but which he had no intention of filing, containing the suggestion that the sale of the plumage of all wild birds be prohibited. This memorandum was thus inadvertently printed as a part of the record. Mr. Pierson has, since his attention has been called to the fact, repudiated any intention to advocate such suggestion and will, as he informs us, withdraw from the consideration of the committee, so far as he is concerned, any request in this respect.

The bill annexed proposes to add birds of paradise to the class of plumage the importation of which is expressly prohibited by the proviso at present contained in paragraph 347, Schedule N, of the tariff act, and to add a further proviso which shifts the burden of proof to the possessor of prohibited plumage to affirmatively establish lawful possession in case of seizure or forfeiture proceedings, and in effect makes possession of all prohibited plumage presumptively unlawful except when in actual use for personal adornment or held for scientific or educational purposes, and makes the possessor affirmatively establish lawful possession. It also adds an explanatory provision making it clear that the act of March 4, 1913 (the migratory bird law) remains unaffected, and requires the appropriate governmental officers to report infractions of that or any other State or Federal law to the proper authorities having control of their enforcement in cases where the facts developed show that there have been infraction of those laws but no illegal importation.

THE NECESSITY FOR THE AMENDMENT.

It is believed and respectfully submitted that there have been large quantities of imported feathers of the prohibited category, aggregating in value many hundred thousands of dollars, smuggled into this country since the act of October 3, 1913, and thrown on the market in competition with other varieties of feathers and plumage not prohibited, which have been lawfully imported or acquired from birds in this country, by law-abiding dealers. A notable case is that in which the opinion of May 26, 1920, of the United States Circuit Court of Appeals hereinafter referred to was rendered. There, we are told, the value of the feathers seized was $75,000 or thereabouts.

Some time age a very large seizure of plumage of birds of paradise was reported as made by the customs officers in Texas. The value there, we are told, was in excess of $100,000. Quite a large lot of smuggled paradise plumage is reported to have been seized in July, 1920, in Brooklyn, N. Y. Another such seizure in New York City has been reported within the past few days. It has been indicated to dealers in legitimate plumage that there is in existence, and being offered freely and openly for sale, a larger quantity of feathers of prohibited birds than could reasonably be expected to be in existence here, over seven years after the act of October 3, 1913. These goods must have been brought into the market through illegitimate channels, but the law as it stands affords no satisfactory means by which the authorities can develop the facts from suspicious circumstances alone.

We submit that the main purpose of the act is to protect wild birds from extinction. To accomplish this the Government must protect the legitimate industry in those kinds of feathers, the use of which the law intended to encourage, from competition with the violators of the law. We think the proposed amendment will tend largely to accomplish that end.

THE EFFECT OF THE PROPOSED CHANGES.

The first change adds birds of paradise to the list of birds, the bodies and plumage of which are specifically prohibited from importation by the terms of the old act. As that act now stands, the question as to whether any particular lot of birds of paradise, or their plumage, in possession of an individual, falls within the prohibition, depends upon whether they are comprehended within the designation of "wild" birds.

Wild birds of certain kinds have been reared in captivity for several generations, and it would always leave open, as a question of fact, as to whether a particular bird of paradise or lot of its plumage came from "wild" birds or birds held in captivity or domestically reared, however rebuttable by evidence such contention may be, or whether the court or jury may not indulge the presumption, in the absence of specific evidence, that the birds from which the plumage came were not "wild" birds. It is believed and respectfully submitted that the extent to which smuggling of the plumage of birds of paradise has taken place warrants its specific mention as prohibited.

The second change: The new provision in regard to procedure is necessitated by a consideration of the procedure now relied upon to enforce section 347, as illustrated by the decision of the United States Circuit Court of Appeals, second circuit (not yet reported), in the seizure case of Nine Cases and Eight Cartons of Feathers, Arbib, claimant, *v.* The United States, decided May 26, 1920.

In that case, which was a seizure of plumage under section 347, Schedule N, of the tariff act of October 3, 1913, the court, referring to the provisions of section 3082, Revised Statutes, which makes it a crime, and subjects the goods to seizure, where any person knowingly imports or receives or sells merchandise after importation contrary to law, construes it in connection with subdivision T, section 3, of the tariff act of October 3, 1913, which provides that where seizure has been made and information or suit brought or claim made, the burden of proof is upon the claimant, provided "that probable cause is shown for such prosecution, to be judged of by the court," and held, that mere possession did not shift the burden of proof to the claimant to show that the seized feathers were lawfully imported, but that the Government was put to its proof to show circumstances other than mere possession, in order to raise the presumption of probable cause to believe that the seized goods were illegally imported.

It is submitted that the present method of procedure places an unnecessary burden upon the Government without any corresponding benefit to innocent dealers or possessors, who would have no difficulty in disclosing the source from which they derived possession, whereas the unlawful possessor is not bound to disclose the facts, and the collector frequently can not obtain any evidence further than the possession of such feathers under unexplained circumstances, which may or may not amount to probable cause.

The proposed additional "proviso" takes into consideration that the importation of merchandise of this kind has been prohibited ever since the act of October 3, 1913, so that the possible supply of such feathers now in the United States may be said to consist of the following:

(1) Those imported into or plucked in the United States prior to October 3, 1913, not yet consumed, of which the supply is so small that any claim that any particular lot held by a dealer came from goods in that class ought to call for and require some proof from the holder to raise that presumption other than his mere ipse dixit.

(2) Those plucked in the United States from birds therein since October 3, 1913. These might be claimed to be derived in small quantities from birds held in captivity in the United States or otherwise from birds in this country not illegally imported, a contention as to a very improbable state of facts. But the possibility that they may have been so derived would, in the absence of other incriminating circumstances, throw the burden upon the Government to negative by proof that hypothesis on the presumption of innocence.

It is believed that the suggested proviso cures these procedural defects. At the same time it protects the innocent holder both from improvident seizure and an unfair trial. It provides:

(*a*) That the mere possession of such feathers, other than those in actual use for personal adornment, or held for scientific or educational purposes, makes them liable to seizure, and it is the duty of the collector to seize them, unless the possessor shall establish to the collector's satisfaction that they do not belong in the prohibited category. This gives the collector large discretion, which, if properly exercised, will enable the innocent possessor to show his lawful possession, thus avoiding seizure.

(*b*) In case of seizure and in legal proceedings to enforce forfeiture, as in case of violation of the customs laws, the burden is placed upon the claimant to overcome the presumption of illegal importation and show that the goods do not come within the category of illegally imported feathers. The proviso excludes an intent to create statutory evidential presumptions in criminal prosecutions and leaves the law in that respect as it now stands, but does throw the burden of proof of innocent possession upon the claimant in the trial of seizure cases. And it still, as in all other cases of seizure, leaves a personal liability over against the collector, if, upon the showing made to him by the possessor before seizure, he arbitrarily and without probable cause makes the seizure. In other words, the burden of proving probable cause is not

put upon the collector or Government when the possessor makes no satisfactory showing of lawful possession to the collector at or before seizure.

The third change adds a provision preserving from the possibility of inference that the migratory bird laws (act Mar. 4, 1913, chap. 145, 37 Stat. L., 847; act July 3, 1918, 40 Stat. L., 755) were intended to be repealed by this later legislation and providing, in cases of infractions of that or other laws in force being brought to light by proceedings for seizure or seizure of feathers not imported, that it shall be the duty of the appropriate governmental authorities to report the facts to the proper State or Federal officials charged with the duty of enforcing such laws.

We may summarize the reasons for this proposed new legislation as follows:

To give the Treasury Department adequate authority to enforce the existing tariff law by means whereby there is placed on the possessor of plumage which has been prohibited of importation since the act of 1913 the burden of proof of legitimate possession, instead of having the proof of illegitimate possession rest on the Government, and should this bill be passed as proposed, no retailer, jobber, or wholesaler will care to take the risk of having in his possession a stock of prohibited plumage, when he is fully aware of the fact that such plumage can be confiscated by the Government without recourse, unless he can positively prove that it was imported prior to October 3, 1913. Precedents in support of seizure by the Government of merchandise illegally held are to be had in the provisions of the Harrison Antidrug Act and the Volstead probibition enforcement law, both of which have been upheld by the Supreme Court.

Upon the hearing before the Ways and Means Committee previously referred to certain of its members suggested two questions—first, whether this proposed new legislation should not more properly be incorporated as an administrative provision of the new tariff act, and, secondly, being in part a procedural matter dealing with the question of the burden of proof, it should more properly be referred to the Judiciary Committee rather than the Committee on Ways and Means.

Regarding the first suggestion as to the proper place of this legislation in the new tariff act, counsel have taken this matter up with the Assistant Secretary of the Treasury in charge of customs legislation and its enforcement and have been advised informally that the Treasury Department considers the new provisions as drawn are properly incorporated as integral parts of paragraph 347, Schedule N, and do not belong to that portion of the act which dealt with administrative features alone.

Regarding the question whether these new provisions should or not be referred to the Judiciary Committee for approval before being incorporated in the new act by the Committee on Ways and Means is purely a matter of practice which the latter committee must, of course, decide for itself; but in order to avoid the delay that a reference to the Judiciary Committee would entail and to assure the members of the Ways and Means Committee of the constitutionality of the provisions placing the burden of proof on the possessor to show lawful possession, we respectfully invite attention to the following legal authorities upon the subject.

The provision does not punish for the possession, past or present, but only creates a rule of evidence on the question as to whether articles have been illegally imported, the importation of which has been prohibited for over seven years, and subject to seizure and forfeiture. The creation of such statutory presumption throwing the burden of proof upon the party in the best position to establish the facts is no new principle.

As far back as the act of August 8, 1846, Congress provided that—

"In suits or informations brought, where any seizure is made pursuant to any act providing for or regulating the collection of duties on imports or tonnage, if the property is claimed by any person, the burden of proof shall lie upon such claimant: *Provided*, That probable cause is shown for such prosecution, to be judged of by the court." (U. S. Rev. Stat., sec. 909.)

In Hawker *v.* New York (170 U. S., 189–197) the Supreme Court of the United States said as to such presumptions created by statute:

"In a certain sense such a rule is arbitrary, but it is within the power of a legislature to prescribe a rule of general application based upon a state of things which is ordinarily evidence of the ultimate fact sought to be established. It was obviously the province of the State legislature to provide the nature and extent of the legal presumption to be deduced from a given state of facts, and the creation by law of such presumptions is after all but an illustration of the power to classify." (Jones *v.* Brim, 165 U. S., 180–183.)

Again, by the act of Congress of July 13, 1866 (14 Stat L., 163), it was provided that on removal of liquors from bonded warehouses certain things were required to be done, such as stamping marks on the barrels, etc., and in case of seizure of liquors in the possession of any person without such stamps and marks the burden of proving that the law had been complied with was thrown on the claimant.

This act came up for construction and consideration by the Supreme Court in 199 Bbls. of Whiskey, Charles Andre, claimant (94 U. S., 86). In that case a seizure had been made of liquors in packages not stamped as provided by the act. The claimant asserted that the liquors seized had been produced in the United States and legally exported to Mexico before the passage of the act of July 13, 1866, and subsequently reimported into Texas, and that in such case the presumption did not apply, and the burden of proving that the law had been violated rested upon the Government and not upon the claimant. The Supreme Court sustained the legality of the provision throwing the burden of proof on the claimant and held:

"Under section 45 of the act of July 13, 1866, upon seizures made for the causes there stated, the burden of proof is on the claimant to show that the requirements of the law have been complied with" (headnote).

So, again, in section 3333 of the Revised Statutes Congress placed the burden of proof on the claimant of seized spirits in forfeiture proceedings "to show that no fraud had been committed."

The question of the legality and propriety of throwing the burden of proof upon a claimant by legislative act, in cases of the character we are considering, is too well established, therefore, to need extensive citation. The propriety of such statutes rests upon the broad principle that the party within whose peculiar knowledge the means of information lies should carry the burden of proof of the facts which would establish his right. (Greenleaf *v.* Birth, 6 Pet., 312.)

Respectfully submitted.

THE MILLINERY CHAMBER OF COMMERCE OF THE UNITED STATES,
FREDERICK BODE, *President.*
RUFUS DAVIS, *Chairman Plumage Committee.*

A BILL To amend the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Schedule N, paragraph 347, of an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, be, and the same is hereby, amended so as to read as follows:

"Feathers and downs, on the skin or otherwise, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in this section, 20 per centum ad valorem; when dressed, colored, or otherwise advanced or manufactured in any manner, and not suitable for use as millinery ornaments, including quilts of down and manufacturers of down, 40 per centum ad valorem; artificial or ornamental feathers suitable for use as millinery ornaments, artificial and ornamental fruits, grains, leaves, flowers, and stems or parts thereof, of whatever material composed, not specially provided for in this section, 60 per centum ad valorem; boas, boutonnieres, wreaths, and all articles not specially provided for in this section, composed wholly or in chief value of any of the feathers, flowers, leaves, or other material herein mentioned, 60 per centum ad valorem; *Provided*, That the importation of birds of paradise, and the feathers, quills, heads, wings, tails, skins, or parts thereof, and aigrettes, egret plumes, or so-called osprey plumes, and the feathers, quills, heads, wings, tails, skins, or parts of skins, of wild birds, either raw or manufactured, and not for scientific or educational purposes, is hereby prohibited; but this provision shall not apply to the feathers or plumes of ostriches, or to the feathers or plumes of domestic fowls of any kind: *Provided further*, That birds of paradise, and the feathers, quills, heads, wings, tails, skins, or parts thereof, and all aigrettes, egret plumes, or so-called osprey plumes, and the feathers, quills, heads, wings, tails, skins, or parts of skins, of wild birds, either raw or manufactured, of like kind to those, the importation or which is prohibited by the foregoing provisions of this paragraph which may be found in the United States, on and after the passage of this act, except as to such plumage or parts of birds in actual use for personal adornment, and except such plumage, birds, or parts thereof, imported therein for scientific or educational purposes, shall be presumed for the purpose of seizure to have been imported unlawfully after the 3d day of October, 1913, and the collector of customs shall seize the same unless the possessor thereof shall establish, to the satisfaction of the collector that the same were imported into the United States prior to the 3d of October, 1913, or as to such plumage or parts of birds that they were plucked or derived in the United States from birds lawfully therein; and in case of seizure by the collector, he shall proceed as in case of forfeiture for violation of the customs laws, and the same shall be forfeited, unless the claimant shall, in any legal proceeding to enforce such forfeiture, other than a criminal prosecution, overcome the presumption of illegal importation and establish

that the birds or articles seized, of like kind to those mentioned the importation of which is prohibited as above, were imported into the United States prior to the 3d of October, 1913, or were plucked in the United States from birds lawfully therein.

"That whenever birds or plumage the importation of which is prohibited by the foregoing provisions of this paragraph are forfeited to the Government, the Secretary of the Treasury is hereby authorized to place the same with the departments or bureaus of the Federal or State Governments or societies or museums for exhibition or scientific or educational purposes, but not for sale or personal use; and in the event of such birds or plumage not being required or desired by either Federal or State Government or for educational purposes, they shall be destroyed.

"That nothing in this act shall be construed to repeal the provisions of the act of March 4, 1913, chapter 145 (Thirty-seventh Statutes at Large, 847), or the act of July 3, 1918 (Fortieth Statutes at Large, 755), or any other law of the United States, now of force, intended for the protection or preservation of birds within the United States; that if on investigation by the collector before seizure, or before trial for forfeiture, or if at such trial if such seizure has been made, it shall be made to appear to the collector, or the prosecuting officer of the Government, as the case may be, that no illegal importation of such feathers has been made, but that the possession, acquisition, or purchase of such feathers is or has been made in violation of the provisions of the act of March 4 1913, chapter 145 (Thirty-seventh Statutes at Large, 847), or the act of July 3, 1918 (Fortieth Statutes at Large, 755), or any other law of the United States, now of force, intended for the protection or preservation of birds within the United States, it shall be the duty of the collector, or such prosecuting officer, as the case may be, to report the facts to the proper officials of the United States or State or Territory charged with the duty of enforcing such laws."

Mr. CZAKI. I want to say, so far as the constitutionality of the provision is concerned, it has been submitted to the law officers of the Government, and has been approved and I wish also to emphasize the fact that it has been presented to the Treasury Department and received their indorsement, so that I honestly urge that the bill in the form in which it comes from the House will be retained without change. I thank you.

DRESSED AND RAW FURS.

[Paragraphs 1420 and 1573.]

BRIEF OF SAMUEL ULLMAN AND EDWARD FILLMORE, REPRESENTING THE BOARD OF TRADE OF THE FUR INDUSTRY OF THE CITY OF NEW YORK.

We appear on behalf of the Board of Trade of the Fur Industry of the City of New York, which is composed of the Fur Merchants' Association, Fur Dressers & Fur Dyers' Association, and the Associated Fur Manufacturers (Inc.), in which respective associations all interests of every kind pertaining to the fur industry are represented.

In addition to these bodies, we appear in behalf of the Raw Fur Dealers' Association of the State of New York, New England Association of Fur Dealers, Associated Fur Industries of Chicago, Minneapolis Fur Merchants' Association, San Francisco & Northern California Fur Dealers' Association, Southern California Fur Dealers' Association, the Fur Division of the National Garment Retail Association, International Fur Workers' Union, and the fur dealers and manufacturers of St. Louis, St. Paul, Seattle, and the principal cities wherein furs are dealt in and manufactured.

Prior to the introduction in the House of H. R. 7456 the fur industry appeared before the Committee on Ways and Means at the hearing held by this committee with reference to the general tariff revision, and an exhaustive brief was then filed, which is printed in the record on page 3664, to which brief we beg leave to refer for more detailed facts.

At this time we respectfully urge upon the Finance Committee of the Senate the following:

1. That if the American valuation be accepted by the Senate, as provided for in H. R. 7456, that the rates of duties on dressed, dyed, and manufactured furs, as provided for in paragraph 1420 of H. R. 7456, be retained.

2. That raw furs remain on the free list, as provided for in paragraph 1573 of H. R. 7456.

DRESSED, DYED, AND MANUFACTURED FURS.

Under the existing tariff act of 1913, paragraph 348, the tariff rates on dressed, dyed, and manufactured furs were slightly higher than the rates fixed in the proposed tariff act of 1921, now under consideration, but with the proposed American-valuation plan the duty in reality is greatly increased, so that if the American-valuation plan is adopted the rate fixed in the new proposed bill would amply protect the American manufacturer, but in the event the American-valuation plan shall not prevail, then we respectfully submit that the rates on dressed, dyed, and manufactured furs be increased proportionately so that the American manufacturer receive the proper protection against European competition.

RAW FURS.

In the tariff act of 1913 furs and fur skins, undressed (raw furs and skins), are on the free list.

The proposed tariff act of 1921, H. R. 7456, under paragraph 1573, retains furs and fur skins, undressed, on the free list, and we respectfully ask that this provision be not disturbed, because to impose a tariff on this raw product would not only destroy the United States policy of conservation of our national resources, but would also destroy the business which the fur industry of the United States built up since the recent war, and the imposition of a tariff would drive all the business in the fur industry to Germany, England, and Canada, from whom we succeeded to wrest the monopoly of this very important branch of the industry since the war.

There never was a duty on raw furs in this country, and no country, with the possible exception of Russia, to our knowledge, has a duty on raw furs.

Prior to the war the international fur trade was almost wholly in the hands of the British and German. America did little direct business with the countries of origin of the raw furs consumed here. We shipped a considerable part of the American catch of raw furs to London to be distributed throughout the world. We went to London and to Leipzig to secure furs gathered from all parts of the world. In either case we paid tribute to European merchants, steamship companies, insurance companies, bankers, etc., thereby appreciably increasing the invisible trade balance against America.

Germany, the source of an insignificant supply of native furs, imported in the year before the war furs and skins to the amount of $46,750,000 and exported $56,750,000. Its fur dressing and dyeing plants had a combined capital investment of $49,000,000 according to an English authority, and that investment was predicated upon international traffic.

A not inconsiderable part of this business has been acquired by the American fur industry. The report of the Alien Property Custodian is interesting in this connection and we take the liberty of quoting it, directing attention, however, to the fact that a report of this nature compiled by one unfamiliar with the industry is necessarily subject to correction in its details:

"The outbreak of the war found the American fur trade, in so far as dealing was concerned as distinguished from the manufacturing of furs, divided into two classes. One class confined itself almost exclusively to the importation of foreign furs and the other class dealt chiefly in furs caught on the North American continent. Between these two great classes of dealers, was another class, most of whom did business on a small scale and who dealt in both domestic and foreign furs, getting their supplies at practically all times from the other two classes of dealers.

"The great importing houses did business chiefly through Leipzig, Germany, with either branches of Leipzig firms or with American firms who maintained a large branch establishment in Leipzig. These houses dealt in Russian and Siberian furs, a large portion of which were first brought to Leipzig, either for dressing or dyeing purposes. American merchants had to look exclusively to Germany for these foreign furs. In the case of Leipzig concerns having branches here, the method of business between the branches and the main house was so contrived as to benefit the Leipzig house in all cases. Goods were consigned to the branch houses here with a liberal profit added, which made it just about possible for the American house to make its overhead expenses. This accounts for the fact that with a few exceptions none of the branches in any years were conducted on a profitable basis, although the foreign house made tremendous profits on the merchandise consigned to Americans to be sold at a fixed price, determined in advance. * * *

"The first effect of the war was to cut down importation of furs to an almost negligible quantity, as well as the Leipzig market, and to make it practically impossible to ship furs to Leipzig via London, as had formerly been the custom. All the United

States fur merchants, and even the German-owned branch houses, took to dealing in American furs in proportion as importation from European sources ceased. These branch concerns have since all become Americanized and have continued to deal almost exclusively in American furs. On the other hand, the larger American houses, which previously did very little importing business, were remarkably successful in opening up sources of supply in Russia, Siberia, and China, and, at great risks, bringing these foreign goods into a market anxious to consume the same.

"The first effect of the war was therefore a revolutionary one which worked to the advantage of America.

"A further result of the war and of the enforcement of the trading with the enemy act, a result of tremendous importance to the American fur trade, is the establishment of great public auction sales, conducted in the spring, winter, and fall in New York City and at St. Louis. Both cities now vie for the title of "the fur market of the world," a title formerly claimed by and accredited to London and Leipzig. Starting late in 1915, the first St. Louis sale amounted to considerably less than $1,000,000, whereas the January sale was said to have been in excess of $9,000,000. The first New York sale in 1916 disposed of merchandise worth about three-quarters of a million dollars, while the sales there in February, 1919, covered merchandise of the value of almost $6,000,000. But New York, besides holding the auction sales and besides being located in the greatest port of the world, is the center in which 85 per cent of the American furs are manufactured and 95 per cent of the American fur catch is dressed and dyed.

"For almost a century prior to the war such auction sales had been held in London, England, but owing to the difficulties of transportation growing out of the war the sales were begun in this country, and it is confidently expected in both American cities not only that the American trade will hereafter purchase its American furs in America but that foreign dealers will ship considerable portions of their seasons' collections to the American fur auction sales to be disposed of to American dealers. The curious phenomenon existing before the war of American dealers shipping a large portion of the American catch to the London sales, of other American dealers traveling to London in order to purchase the same American catch and bringing it back with them to America, and of other portions of American goods being purchased by Leipzig merchants only to have American dealers travel to Leipzig to repurchase these same American goods, either dressed or dyed, to bring them back to America plus freight and tariff duty, is therefore no longer apparent.

"One reason for the general involvement of the American with the Leipzig fur trade was not so much the investment of German capital as such in this country. German interests mostly appeared in the form of debts due Germany from American firms. One of Germany's great policies was the systematic practice of a credit plan more liberal than that offered by any other country in the world. So liberal was it that it was a common practice to send American paper to Germany for discount. American firms could afford to pay almost any profit to the German because of the credit facilities they received and the consequent freedom they enjoyed in the working off of the merchandise purchased. Nothing more insidiously destructive of the independence of the American fur merchant could be conceived. * * *

"With the elimination of the foreign market by the war, with the elimination of German capital by the enforcement of the provisions of the trading with the enemy act, these are the net results:

"1. American furs dressed, dyed, manufactured, and sold in America.

"2. Russian, Chinese, Japanese, and Siberian markets taken from Germany, and direct connection established with the United States.

"3. The sale through American auctions of the raw catch, both foreign and domestic, and the consequent creation of the American fur market of the world * * *.

"In the case of our friendly but no less keen competitor, England, we can take much satisfaction in the fact that New York and St. Louis have supplanted London as the center of distribution, by public auction, of the annual American fur catch throughout the world. We are destined to maintain the supremacy that we have achieved, provided that we are permitted by Congress to proceed on our present line of endeavor."

Canada is making a strong effort to gain for itself a foothold in this international traffic in raw furs and skins and with success. We quote the following from a recent report of the Bankers' Trust Co. of New York relative to this subject:

THE FUR TRADE.

"Finally, in the list of Canada's natural products we have the fur trade, which has been an important part of Canada's industry since the earliest years of the French régime, when it was a monopoly of the proprietary companies. Until recently the

operations of the trade were in the main confined to the trapping of the fur-bearing animals and exportation of the furs in an undressed state to London or the United States either for the sale at public auctions or consigned to dealers in those places. The war has brought about an important change in this respect * * *. The exports of dressed and undressed furs from Canada to England and the United States for the years 1914, 1918, and 1919 are shown in the following table:

Exports of furs from Canada.

UNDRESSED.

To—	1914	1918	1919
England	$3,000,000	$1,600,000	$3,700,000
United States	2,100,000	6,300,000	9,600,000

ALL FURS.

All exports	$5,500,000	$8,000,000	$13,500,000
Imports	2,200,000	2,900,000	3,300,000

"In 1914 England received the greater part of the Canadian fur exports. By 1918, 78 per cent of the exports were going to the United States and only 20 per cent to England. In 1919 the percentages were, respectively, 71 per cent to the United States and 27 per cent to England. Canada's fur resources are very great. Labrador, the maritime provinces, Quebec, northern Ontario, the Northwest Territory, and British Columbia all contribute to the annual production.

"Prior to the war the principal market for furs was in London. In 1915 the first American fur auction was held at St. Louis; in 1916 auctions were commenced in New York. Auction sales are now held in Montreal, and it is expected that they will take place three times a year—in the winter, spring, and fall. It is believed that these auctions will attract the most important of the world's fur buyers and insure a higher level of prices, bringing to Montreal furs for sale from all parts of the world and establishing Montreal as an international center for the trade."

Canada, Germany, and France are definitely committed to a protective tariff policy, but they do not extend that policy to their raw fur imports.

It is universally recognized that raw furs are not products of labor in the sense that other commodities are and that they are consequently not in need of a protective tariff. Then, too, in Canada as in the United States the latent supply is unquestionably diminishing, and as an import duty is equivalent to a bounty on the domestic supply, it is contrary to that public policy summed up in the phrase "conservation of national resources." But principally it is recognized that the possible income from such a tariff would not be worth the damage it would incur to international traffic.

The immediate effect of a tariff on raw furs in this country would be to remove America from international competition, and to destroy whatever we have constructed in recent years. Unquestionably an import duty on raw furs by the United States would be received with pleasure in the fur markets of London, Leipzig, and Montreal, but it would be positively calamitous to American fur markets, for it would utterly destroy our trade in "export of merchandise of foreign origin," thereby limiting us to trade in "imports for local consumption" and "exports of furs of domestic origin."

It would unavoidably destroy our prospects as a center of distribution of the world's peltries and by so doing would entail the eventual loss of our present position as the center of distribution of peltries of American origin. For the European fur merchants will not sail across the Atlantic to buy in our auctions, of a limited selection of furs originating in the United States, when he can, by merely sailing across the English Channel, buy from the extensive and varied collection of the greater part of the globe, including skins taken on the north side of an infinitely thin imaginary line known as our Canadian border.

EFFECT ON DRESSERS AND DYERS.

The effect of a duty on raw furs on the American dressing and dyeing industry would be severely restrictive. The fur dressers and dyers in the United States have perfected their processes to a very high degree of efficiency and for some time past

have been successfully competing with European dressers and dyers, not only in the local market but in the European market itself. There is a growing demand for American dyed furs in Europe. A tariff on the raw furs would not only check the development of this phase of the dressing and dyeing business, but it would seriously interfere with the dressing and dyeing of furs for domestic consumption, because of the fact that it would be in many instances very advantageous to import the dressed and dyed skins rather than import them raw and run the risk of damage or loss in the dressing and dyeing processes plus a tariff cost.

EFFECT ON FUR MANUFACTURING.

Our experience in the past season is convincing in its emphasis on the fact that the buying public demands a reduction rather than an increase in manufacturing costs. The effect of a tariff on the raw material is inevitably an increase in the cost to the buyer, and we believe that this would work a grave injury to the manufacturing fur trade, especially under present conditions. But by far the most important consideration in this connection is the fact that the manufacturer, in order to progress in the development of the industry, must have at his immediate command an almost unlimited supply of raw merchandise of all kinds, grades, and varieties. On this account the international aspect of the American fur trade is of tremendous importance to the American manufacturer.

EFFECT ON DEALERS AND TRAPPERS.

Finally, let us consider the effect on the domestic raw-fur situation. Would a tariff on imports be of benefit to anyone?

We believe it would benefit temporarily the present holders of both foreign and domestic furs and skins at the expense of the industry as a whole. Beyond that limited group no one would benefit.

CONCLUSION.

We earnestly urge upon the Finance Committee of the United States Senate the following:

1. That the present rate of duties on dressed, dyed, and manufactured furs as fixed in paragraph 1420 of H. R. 7456 be retained, provided that the American-valuation plan be accepted, as contained in the new proposed tariff act, by the Senate.
2. That if the Senate or this committee shall conclude to retain the foreign-valuation plan as it exists under the existing law, that then the rates of duty on dressed, dyed, and manufactured furs be advanced and fixed at the same rate as contained in the tariff act of 1913.
3. That raw furs and skins be retained on the free list as under the existing law and as provided for in paragraph 1573 of H. R. 7456.

RABBIT SKINS AND HATTERS' FUR.

[Paragraphs 1420 and 1421.]

STATEMENT OF HAROLD L. ALLEN, NEW YORK, N. Y., REPRESENTING THE FURRIERS' ASSOCIATION OF FRANCE.

The CHAIRMAN. Where do you reside, Mr. Allen?

Mr. ALLEN. My residence is at 21 Claremont Avenue.

The CHAIRMAN. What is your business?

Mr. ALLEN. I am an attorney; a member of the New York bar.

The CHAIRMAN. You are here as an attorney?

Mr. ALLEN. I am here on behalf of the Furriers' Association of France; the Professional Union of Tanners and Dyers of France and Belgium; the Belgian Union of Fur Cutters.

Frankly, we are here representing foreign interests this morning, and I hope I find the committee in no unhappy frame of mind toward such interests, which are with regard to rabbit skins and hatters' furs identical with the interests of the American consumer of imitation furs and hats, even if they are in conflict with those of the American manufacturer.

The CHAIRMAN. On what article do you appear?

Mr. ALLEN. Rabbit skins and its principal by-product, rabbit hair, prepared for hatters' use, covered by paragraphs 1420 and 1421 of the bill as it is in the Senate.

The CHAIRMAN. You may briefly state what you want.

Mr. ALLEN. We desire to urge on the committee that pelts of rabbits dressed on the skin, but not advanced further than dyeing, covered by the provisions of paragraph 1420, which are subjected to a proposed tax of 20 per cent ad valorem, be taxed 15 per cent; and that hatters' furs, including fur skins, carrotted, covered by the provisions of paragraph 1421, subjected to a proposed tax of 22 per cent ad valorem, be taxed at 10 per cent; and that rabbits now included with rare furs in paragraph 1420 be subject to a special classification.

I have a memorandum which I desire to submit, and which I wish to supplement by a few remarks on the general situation of the European rabbit-skin industry.

Let me say at the outset that the United States produces no rabbit skins which are suitable for the manufacture of imitation furs or for the production of hatters' furs, the basic raw materials from which the ordinary felt and derby hat is manufactured.

The chief source of supply is France and Belgium. Formerly Russian Poland and Russia were sources of supply. The production of those countries has been so curtailed as to be practically nil.

In the two European countries I have mentioned the industry producing the skins is impressed with the people's national characteristics of thrift; that is to say, rabbits are produced for purposes of food and the skins their by-product are collected through agencies closely allied to the food-distributing organizations in the two countries. Local butchers and dealers collect the raw pelts and sell them in the fur centers to the manufacturers I represent.

Rabbit fur, known as hatters' fur, is a product which has been razored or cut from the skin, after being chemically treated, and is the basic raw material from which the domestic American hat is produced.

Senator SMOOT. What will you suggest in place of 22 per cent on that?

Mr. ALLEN. We ask that it be 10 per cent ad valorem. It was 15 per cent under the old act, and under the present act is 22 per cent. We ask that it be 10 per cent, in order to enable the French and Belgians to continue to sell their product in this country in competition with the recently established American fur-cutting industry. Unless this is done, a basic rate material entering into the manufacture of American hats will fall into the control of a small monopolistic group which will reap enormous profits at the expense of the American people.

I wish to impress upon the attention of the committee the fact that the American manufacturer of hatters' fur is asking you to-day that a 33 per cent ad valorem tax be placed on the hatters' fur. I do not think that if the processes which are now at work in Europe come to a successful conclusion from the viewpoint of the European producer that the 25 per cent asked for would inure to the benefit of the American hat manufacturer, fur cutter, or consumer.

The fur-cutting industry in the United States, such as it is, is predicated entirely on the ability of the American fur cutter to import his material duty free. His chief source of supply of raw material, the undressed pelts, is in France and Belgium, from which countries the pelts are imported into the United States duty free, and so the Belgian and French producer finds himself in this unique situation. The American operating under favorable rates of exchange comes in the market and with higher prices drains it of the choice supply of pelts suitable for use in the trade, and transports them to the United States, where their product is sold in competition with Europe. When the French and Belgians seek to market their finished fur in the United States they find themselves met with an almost prohibitive duty, which this committee is now asked to increase.

This situation has produced a critical condition in the rabbit-fur industry in France and Belgium, and a collective petition has been addressed to the ministries of commerce and finance of those countries requesting that if the duties imposed by the country which is the chief market and practically the only remaining market be increased that a compensating export tax be placed on the raw untreated pelt from which the American hatters' fur is manufactured.

If that is done, by an economic process which is too well known for me to detail to this committee, the price of the hat will be increased to the American consumer in direct proportion to the tax levied, plus whatever the dealers add, and they always add two or three times the amount of the tax, the increase will flow into the treasury of the European countries rather than into the Treasury of the United States, and into the pockets of small groups of manufacturers.

Senator McLEAN. What percentage of the fur used in hats is imported?

Mr. ALLEN. The entire supply is either imported or cut from skins imported.

Senator McLEAN. There is no domestic fur?

Mr. ALLEN. There is no domestic fur. The rabbit skin now is included in the same paragraph as costly furs, such as the silver fox, which, I believe, is the rarest fur produced in North America; and because of that there has been no separate collection of statistics on the subjects of rabbit skins themselves.

Senator McLEAN. Why is it that the hatters want a tariff on this fur if there is none produced in this country?

Mr. ALLEN. I had intended to explain that later, but I will be glad to answer the Senator's question. That is an apparent inconsistency of position which can be easily explained; when we find that the hatter asks for a tariff on his finished product and also a tariff on the raw material from which he manufactures it, and it can only be explained by the fact that the hat producer and the fur cutter are in many instances in the control of identic interests. It is an industry so interlocked and interrelated that the interests of one economically can hardly be separated from the other.

We find, for example, that the leading hat manufacturers are also engaged in the fur-cutting industry. Among these are the Danbury Hatters' Fur Co., John B. Stetson Co., and the Waring Hat Manufacturing Co., all of whom are large hat manufacturers.

If the present duty is increased it will operate to the enormous benefit of these interests by creating practically a monopoly in their

favor. The hatters' fur produced in Europe will be unable to compete with domestically cut fur, and the only available supply will be in their control. They will be in a position to supply themselves at cost and to sell to the small hat manufacturer at any price necessary to insure a competition so feeble that the domestic hat business will pass into the control of a small group. This argument is not extreme. The fate of small manufacturers under such conditions can be readily foreseen. He will be made tributary to his more powerful competitor, who can drive foreign fur from the American market at any time by the simple process of underselling in destructive competition.

The request that the duty on hatters' fur as well as hats be increased is an economic absurdity in the face of any other intention.

The request has for its only object the creation of a monopoly whereby a small group will be made complete masters of the American market.

If the Congress of the United States gives them satisfaction the results are obvious. The small American manufacturer will be oppressed, the price of hats will be increased to the American public, and the French and Belgians will have no alternative but to insistently press their governments to levy a compensatory export tax which will interpose itself between the American manufacturer and his supply of raw material. The argument advanced before the Committee on Ways and Means that a tax on raw material does not affect the price of the finished product is mere evasion.

The comparative difference in cost of producing hatters' fur abroad and in the United States is not clearly established. Statistics are lacking, and it is impossible to compute what difference in the retail price of the hat the proposed duty of 22 per cent will make. When the probability of the export tax is considered, it is safe to say, however, that each hat sold at retail (with all of the retailers' increased profit added) would be from 40 to 50 cents more than it now is. If it be conceded that the increase would affect 50,000,000 hat users, it would extract from the pockets of the American people from $20,000,000 to $30,000,000, and this for the exclusive benefit of a few manufacturers.

This is the only time which has come to my attention where a protective duty has been asked on a product of which the United States produces absolutely none; a request which is accompanied, of course, with the further request that raw rabbit pelts be retained on the free list, for an additional reason that some of the cutters are also dyers and manufacturers of imitation furs made from the same raw pelts.

It may be interesting at this time for the committee to note that the proposed export tax, according to the Government figures for 1919, would apply to 114,818,707 undressed rabbit skins of a value of $19,439,835, which entered this country during that year. Let me emphasize again that the free importation of these skins is a sine qua non for the American industries, both fur cutting and fur dyeing, as they are now organized.

May I say a few words on the question of rabbit skins advanced not further than dyeing? This is considered in my memorandum, but I would like to add some observations.

These furs are now included in paragraph 1420 of the bill along with rare and costly furs with which they can never compete. The

rare fur is a luxury of the rich, while the imitation fur is an essential article of wearing apparel to the farmer and middle classes, particularly in the North and West, where it is indispensable.

No American industry is threatened, and no substantial revenue impaired, by reducing the duty on the dyed skins to 15 per cent. The American dyers have sought to create the impression that the dyeing of rabbit skins is their chief industry. A glance at the statistics will dispel this impression. In 1920 the value of rabbit skins dyed in the United States according to statistics given before the House committee was $203,095, while the value of all kinds of furs dyed during the same year was $52,910,589.42. Rabbit skins represent about one two hundred and fiftieth of the value of their output.

The old argument that the duty is necessary to protect American labor is not as potent as formerly. True, a difference in wages does exist, but it is not as great as before the war, and the output of the European workman is far below that of the American. The actual labor cost is not known, but the discrepancy is not great. Conditions existing before the war are now changed. Budgets have increased five times, and in order to enable him pay taxes the wage of the worker has been increased. Social legislation, such as the 8-hour day and child labor law, necessary and beneficial as they are, have nevertheless operated to decrease the difference in labor cost. And psychological conditions directly attributable to four years of war have impaired the efficiency of the nations' manhood, while the rising generation lack trade education necessary to produce efficient workmen. I mention this merely in passing in order that the members of the committee may note that an American manufacturer can not with old time fluency use the argument about differences in labor costs.

My time is growing short, but I wish to just briefly invite the attention of the committee to another phase of the situation, that there is an absolute lack of reciprocal treatment between the tariffs obtaining in France and Belgium and the tariffs which are proposed in the United States. In France specifically the general and ordinary merchandise of the United States of North America is given a preferential treatment under the decree of March 28, 1921. The law of July, 1919, was, in effect, an emergency tariff act of France, by which the general and the minimum tariff rates were subjected to certain "coefficients of majoration," by which the old tariff was multiplied in computing duties instead of revising the entire set; certain coefficients were placed thereon by which the old tariff was multiplied in order to determine the duty which would be applied at the present time.

The ministry of finance on March 28, 1921, issued a decree, possible under the French law, giving this country preferential treatment, paragraph 2 of which reads:

> With regard to the United States of North America, the importations of which are subjected to the general tariff for a certain number of articles and which would have suffered under the new measure, it has been understood that the benefits of the actual general tariff will be conserved to them by the application of the provisions of the law of July 29, 1919.

That was in the preamble, and then in article 2 of the same decree it was provided that notwithstanding the addition of these so-called "coefficients of majoration" that—

There will remain admissible under the duties of the general tariff anterior to the present decree, without prejudice to the coefficiency of majoration, the ordinary merchandise of the United States of North America, other than that already benefiting under the minimum tariff or the intermediary tariff of March 29, 1910. The application of this provision will be subordinated to proof of origin and to regulations of transport.

Which latter is merely an administrative provision.

And we submit here that when a European industry situate in two friendly countries has been threatened with practical destruction by a peculiar combination of economic circumstances, of which our tariff is an important factor, that the Committee on Finance of the United States Senate should be disposed to accord them some reciprocal treatment.

Senator SMOOT. Have you a brief to file?

Mr. ALLEN. Yes; I have.

Senator SMOOT. It will be printed as part of your statement.

BRIEF OF H. L. ALLEN, NEW YORK, N. Y., REPRESENTING THE FURRIERS' ASSOCIATION OF FRANCE.

GENERAL STATEMENT.

We wish to urge upon the Finance Committee of the Senate that the pelts of rabbits dressed on the skin, but not advanced further than dyeing (covered by the provisions of par. 1420) which are subjected to a proposed tax of 20 per cent ad valorem, be taxed at 15 per cent; and that hatters' furs, including fur skins, carrotted (covered by the provisions of par. 1421), subjected to a proposed tax of 22 per cent ad valorem, be taxed at 10 per cent; and that rabbit skins now included with rare furs in paragraph 1420 be subject to a special classification.

Duties levied and proposed.

	Present tariff.	Proposed tariff.	Tariff asked for.
	Per cent.	*Per cent.*	*Per cent.*
Skins advanced no further than dyeing	30	20	15
Hatters' furs	15	22	10

While these articles may at first sight appear to be inconsiderable in the commerce of the country, their importance becomes apparent when it is considered that dyed rabbit skins imported from France and Belgium constitute the chief source of imitation furs, extensively worn by the rural and middle classes of the United States, and that hatters' fur, imported from the same sources or cut in this country from undressed pelts imported from France and Belgium, is the basic raw material from which are manufactured the ordinary felt and derby hats for both men and women.

The United States produces practically no skins or hatters' furs suitable for the trade. The entire source of supply is from France and Belgium, where the domestic house rabbit is extensively bred for that purpose, the pelts of which find their way into the channels of commerce through agencies of collection closely allied to the food distributing organizations of the two countries. The rabbit of the United States, including the Texas wild rabbit, has a very thin pelt, unsuitable for tanning, which falls to pieces before it can be commercially prepared, and which is otherwise unsuitable for the trade.

The trade of France and Belgium with the United States in the affected commodities may be thus briefly summarized: Belgium exports to the United States brown and black dyed rabbit skins, retaining the natural long hair, which are called black long-haired coneys and sable coneys. These are articles of simple manufacture and low price. France, on the other hand, produces a more expensive product, a skin

from which the long hair has been cut or razored, and which is sold as electric seal and extensively worn by the poor and middle classes of the United States. In brief, long-haired imitation furs manufactured from rabbit skins are essentially Belgian and the short-haired imitation furs usually French, both countries being producers of hatters' furs and skins carrotted for hatters' use.

The request that the duty on the articles named be reduced is predicated upon the contentions:

(1) That the United States should reciprocate the preferential treatment now accorded the products of the United States under the French general tariff, and the low duties imposed by the Belgian tariffs on furs imported into that country from the United States.

(2) That an important European industry threatened by destruction by the proposed tariff, will seek protection by the imposition of an export tax or embargo on the only American source of raw materials, which tax or embargo if imposed will operate to destroy the fur-cutting industry in the United States.

(3) The proposed duties will result in an increase in the cost of imitation furs to the middle class of American consumers, and the cost of hats to the entire American public.

RABBIT SKINS, RAW—ADVANCED NO FURTHER THAN DYEING.

It is to be noted at the outset that at the present time the European rabbit fur industry in all branches finds itself in a critical situation: it is actually threatened with destruction by a peculiar combination of economic circumstances resulting from the war, of which the tariff of the United States is an important factor. The imposition of higher duties or the maintenance of the present one will destroy it or will produce retaliatory legislation which will vastly increase the price of the fur and its products to the American consumer.

The exchange situation had eliminated from the market Germany and Austria, which countries were important prewar customers; anarchy had destroyed Russia, and the only remaining market is the American, which, as we have seen, is hedged in by high duties.

In speaking of dyed rabbit skins, the error should be avoided of considering them as a single article of merchandise of a uniform value. These skins are manufactured into imitations of rare furs, and as such present a diversified commercial aspect. Some are made into imitation seal, some into imitation beaver, and some into imitation polecat. Each indicates a different process of manufacture and the product is of variable value.

The present tariff permits the raw rabbit pelts from which these imitation furs are manufactured to enter duty free at a time when an abnormal rate of foreign exchange enables the American manufacturer to underbid the French and Belgian producers in their home market in competition for choice pelts. The situation of the French and Belgians is thus unique. Their best raw materials are purchased by about six competitors who market the finished product under the protection of a high tariff. This double protection, if continued, calls for protective action by the French and Belgians, whose Governments are, in these critical times, sensitive to the necessity of conserving industry.

It is further submitted by the French and Belgian manufacturers that it is an error to classify cheap imitation furs made of rabbit skins with rare and costly furs, as has been done in paragraph 1420 of the present bill. Expensive furs, the native product of some foreign countries, when imported into the United States, compete with the native American product, and their importation under low rates of duties would doubtless affect American trappers, manufacturers, and merchants. This, however, is not true of rabbit skins, which, as we have pointed out, are not produced in this country in appreciable quantity; their importation does not affect the American-fur producing industry, and it is an obvious error to include them in the same classification with rare furs, with which they can under no possible circumstances compete. Rabbit skins not advanced further than dyeing should be separately classified and subjected to a duty not higher than 15 per cent ad valorem.

HATTERS' FURS.

Compared to its enormous consumption of hatters' furs, the United States produces practically no rabbit skins from which this product can be cut, and is dependent in chief on an European supply of raw materials from which its domestic hats are manufactured. Some fur is cut in this country—an industry which has been established since the war—from imported skins, but the chief supply is by direct importation of the finished fur.

On this commodity the present tariff fixes a rate of 15 per cent ad valorem, while the proposed act now under consideration increases the duty to 22 per cent ad valorem. The avowed purpose of this increase is to conserve the interest of the fur cutters and not to yield revenue.

The situation of the French and Belgian producers of hatters' furs is similar to that of the allied industry, which manufactures rabbit skins for use as imitation furs. American manufacturers have entered the European raw-skin market and, operating under favorable rates of exchange, are purchasing the best raw skins from which the fur is produced, at prices with which the French and Belgian fur cutters can not compete. The skins are now imported into the United States duty free, and when the European manufacturer seeks to sell his products in the United States a 15 per cent tax, now increased to 22 per cent, prevents them from entering the market in competition with a product manufactured from their own raw material. In self-protection they must petition this committee to lower the duty on hatters' furs cut in their countries, or petition their own Government to tax the raw material supply of their American competitors. The former will tend to lower the price of hats, the latter to increase it, without in any way compensating the American public.

From the American point of view protection of American fur cutters may seem a desirable and logical economic result of the tariff, but in addition to its direct economic effects, the situation has produced the indicated political reaction abroad which must be considered and which threatens, if necessary, to produce a retaliatory export tax, which will prove costly to the American public. In addition, there are direct economic consequences which can not fail to increase the price of hats and other fur products to the American public if the duty is increased. The tax is paid by the consumer many times over. It may be observed that the interests who are appealing to this committee for increased duty on raw hatters' furs are, at the same time, petitioning the committee to increase the duty on hats in order to insure absolute control of the price of the latter product. The object is only too plain. It is to bring about a situation in the American hat trade where the consumer will be forced to pay more for the finished product and to arrest the tendency toward lower prices now prevailing.

COMPARATIVE EUROPEAN TARIFFS.

A glance at the import duties imposed by these two countries discloses the absolute lack of reciprocal treatment, not justified by the status of the fur trade in the United States and the affected European nations. The United States exports to Belgium costly furs of all kinds, including rare and common varieties. These American furs pay, on entering Belgium, 0.90 franc per kilo, even for the rarest furs, which means that the Belgian tax is negligible and that an important market is opened on favorable terms for the American fur producer. Belgian rabbit imitation furs, on the other hand, on entering the United States, pay 30 per cent ad valorem. In other words, America exports at negligible duty rates valuable furs and Belgium is compelled to export to us in return rabbit skins prepared as cheap imitation furs at exorbitant rates of duty. The inequality of this becomes very apparent when it is considered that these imitation furs compete with no domestic product: that we produce no rabbits suitable for such trade: and that these skins are the only article which can be exported to us in return for the valuable American furs and thus tend to equalize the trade balance.

The situation is not less inequitable as to France, which is also an important market for American produced furs. In that country the ordinary merchandise of the United States is accorded preferential treatment. The French general tariff, enacted March 29, 1910, was amended by an emergency measure on July 29, 1919. The law of July 29, 1919, was in the nature of an emergency legislation to provide revenue and increased the duties by establishing certain "coefficients of majoration," by which the general tariff rate would be multiplied in computing the duty on articles imported into the country. There was a great difference between the maximum under the new law, and the minimum under the general tariff; but the goods of the United States, however, were subjected to special preferential treatment under an administrative decree of March 28, 1921, which reads in its applicable paragraphs:

Paragraph 3 of the preamble to the decree: "With regard to the United States of North America, the importations of which are subjected to the general tariff for a certain number of articles and which would have suffered under the new measure, it has been understood that the benefits of the actual general tariff will be conserved to them by the application of the provisions of the law of July 29, 1919."

Article 2 of the decree of March 28, 1921: "ART. 2. There will remain admissible under the duties of the general tariff anterior to the present decree, without prejudice to the coefficiency of majoration, the ordinary merchandise of the United States of

North America, other than that already benefiting under the minimum tariff or the intermediary tariff of March 29, 1910. The application of this provision will be subordinated to proof of origin and to regulations of transport."

It will be observed from the foregoing that the French and Belgians are already according the merchandise of the United States a preference. This should, in a measure, be reciprocated, and when an important European industry is threatened with a tax which confers no measurable benefit on the United States, the reciprocity can take no better form than a reduction of that tax.

If the present proposed duty rates are enacted into law, an equalizing export tax or embargo is contemplated by France and Belgium as a measure necessary to preserve their industry. Such action will operate to increase the price of hatters' and imitation furs to the American public, and is bound to affect millions of people of small means.

EXPORT TAX.

If the American duties are not lowered to permit hatters' furs, rabbit skins advanced not further than dyeing, to enter this country on terms which are comparatively equitable to the French and Belgian producers, the political reaction in the countries indicated will probably take the form of an equalizing export tax or embargo imposed by the European nations on the exportation of raw skins to America.

This measure, it will be observed, is expedient, since the success of the American fur cutting industry, such as it has been since the war, is predicated on the ability of American manufacturers to import their raw materials duty free. The situation has been accentuated by the recent increase in German competition, which has stimulated the activity of the French Ministry of Commerce, which has already been petitioned to levy an export tax on the French raw materials, but to except from the operation of the decree the United States and Belgium. If the United States is included in, rather than excepted from, the operation of this decree, the result is not difficult to perceive. The price of raw materials from which American goods are manufactured, would be increased. This applies not alone to hatters' furs, but to imitations as well. This increase in the price of raw materials would increase the price of hats purchased by the American consumer, and the increased cost will flow indirectly into the treasuries of France and Belgium. How large this increase in price would be is problematical in view of the recognized tendency to increase a tax by addition as the material affected passes through successive hands, and in view of the further fact that this committee is now being petitioned to increase not alone the duty on the raw material, but the duty on the finished product—the hat—as well.

The French and Belgian producers are, however, opposed to such action, if it can be avoided. They are reconciled to the imposition of some duty, but maintain that this duty should be no higher than is necessary to enable American manufacturers to compete on an equitable basis.

STATEMENT OF AARON NAUMBURG, NEW YORK, N. Y., REPRESENTING THE HATTERS' FUR INDUSTRY.

The CHAIRMAN. At the request of Senator Calder, the committee will now hear Mr. Naumburg, hatters' fur industry of the United States. Where do you reside?

Mr. NAUMBURG. New York.

The CHAIRMAN. What is your business?

Mr. NAUMBURG. Hatters' furs.

The CHAIRMAN. Do you address the committee as a manufacturer or importer?

Mr. NAUMBURG. I address the committee as a manufacturer and a representative of the hatters' fur industry of the United States.

The CHAIRMAN. Will you go on and recite your views?

Senator DILLINGHAM. What is the paragraph you will speak on?

Mr. NAUMBURG. Paragraph 1421. That paragraph 1421 has been introduced as the result of the hearing that I had before the Ways and Means Committee, in which I set forth the absolute distinction between the hatters' furs and other furs, which had previously been mixed very woefully in all departments of our industry. That

having been established, very little remains for me to say on the subject, except that we are satisfied with the apportionment of duty of 22 per cent ad valorem, provided, as we were given to understand, it was to be on the basis of an American valuation.

Senator SMOOT. What would be the difference in your opinion—whether on foreign valuation or American valuation? You are satisfied with 22 per cent American valuation?

Mr. NAUMBURG. Yes.

Senator SMOOT. What do you want on the foreign valuation?

Mr. NAUMBURG. We ask for 35 per cent on the list at least, in the event that the American-valuation plan should be not feasible or found unworkable. We naturally feel that our contention as outlined in our brief before the Ways and Means Committee, which will undoubtedly be part of the record of this committee, should receive its full consideration, based, of course, primarily upon the fact that the raw material which is the basic element of our product should remain free as heretofore and absolutely undisturbed as it has always been.

I do not want to take up the time of the committee. I have a brief, which I am willing to let speak for us, with your permission, and unless there is something I can say to you I will not intrude any further.

The CHAIRMAN. Your brief will be printed and carefully considered.

Mr. NAUMBURG. Thank you.

(The brief referred to is as follows:)

I. I speak in behalf of 17 manufacturers of hatters' fur of the United States. The firms presenting this brief represent fully 75 per cent of all of the manufacturers of hatters' fur of this country. The details concerning our industry were gone into extensively before the Ways and Means Committee and can be found on pages 3295 to 3300, Part V, Hearings on General Tariff Revision, 1921.

II. The product of this industry goes into fur felt hats and is purchased by hat manufacturers. All of our raw material is imported, principally from the temperate regions of Europe and Australasia. The skins used come almost exclusively from animals not indigenous to North American climates, nor has it been possible to breed them in any climate but that of the above mentioned countries and still retain the commercial characteristics of the fur proper (or fiber), which solely determines the use and value in the manufacture of hatters' fur.

III. The duty which we are given in the bill as it passed the House is satisfactory to us. That duty is 22 per cent ad valorem on the basis of American valuation. We wish the retention of this rate of duty and we are in favor of the principle of American valuation and trust that this committee will find a feasible method for its application. Should the American valuation basis not be adopted for ad valorem duties, we will need a duty of fully 35 per cent ad valorem on the basis of foreign values. An examination of the facts presented before the Ways and Means Committee as to production costs, and any inquiry made into comparative selling prices of American and foreign products, will prove that such a claim is absolutely valid if our industry be protected. We urge that the classification of hatters' fur in the House bill be retained as this product had no proper place in paragraph 348 of the tariff act of 1913.

IV. The hatters' fur industry needs effective and prompt tariff protection. The imports of hatters' fur under the existing rate of duty are constantly on the increase. From July 15 to November 15 of this year these imports amounted to 529 cases, as compared to 165 cases during the same period in 1920. Each case contains 300 pounds. The recovery of this industry abroad and the competition we have to face are evidenced by these figures. We ask only for the duty that the industry absolutely needs under present conditions and those that are certain to exist in the future.

V. The ultimate consumer—that is, the buyer of the hat over the store counter—is not at all affected by the duty that is put on hatters' fur. The whole amount of this product that goes into the finished hat represents less than 10 per cent of its selling price in the store. If the duty on hatters' fur were entirely removed, it would only mean a saving on the cost price of the hatters' fur to the hat maker of 5 cents or less on every hat purchased at retail by the consuming public.

VI. We are asking for 22 per cent ad valorem on the American valuation basis, or 35 per cent ad valorem on the foreign value basis, on the assumption that our raw material will remain on the free list, for, as previously stated, there is no rabbit-skin industry in the United States to protect by a duty, and so we assume that the practice of many years will be continued and such skins remain on the free list. Should any duty be put on such skins it would, of course, necessitate a compensatory duty being added to that which we now ask.

HUMAN-HAIR PRESS CLOTH.

[Paragraphs 1424 and 1426.]

STATEMENT OF CHARLES C. TOMPKINS, REPRESENTING J. T. PERKINS CO. (INC.), BROOKLYN, N. Y.

Mr. TOMPKINS. My residence is Brooklyn, N. Y. I am representing J. T. Perkins Co. (Inc.), Sugden Press Bagging Co., and Oriental Textile Mills. I present a sample each of human-hair press cloth and camel's-hair press cloth for your examination, and ask your attention to paragraphs 1424 and 1426, Schedule 14, sundries, in the proposed tariff now under consideration; where human hair, raw, in paragraph 1424 is given a duty of 10 per cent ad valorem, which is equal to about 3 cents per pound, and paragraph 1426, where human-hair press cloth, as hair press cloth, is given a duty of 35 per cent ad valorem.

We also ask your attention to paragraph 1101, Schedule 11, wool, where camel's hair, raw, as wool, is given a rate of 28 per cent ad valorem, but not to exceed 7 cents per pound.

Now, as human-hair press cloth is the principal and formidable competitor of camel's-hair press cloth, and as these are stocks which are not grown in this country in either case, and as 90 to 95 per cent of human hair imported into this country is manufactured into human-hair press cloth, in direct competition with camel's-hair cloth, we ask that human hair, raw, be given a rate that will be on a parity with raw camel's hair, as, by such a change in paragraph 1424, a large amount of additional duty will be paid to the Government.

Such change would also justify and require that the duty on human-hair press cloth in paragraph 1426 be given a compensatory duty of 50 per cent ad valorem.

As a war development, when camel's hair could not be procured, the human-hair business has come to such proportions that it should have the same treatment as camel's hair in the matter of fixing duties in just proportions.

Senator SMOOT. Are you asking for an increase?

Mr. TOMPKINS. We would ask that human hair be put on a parity with camel's hair.

Senator SMOOT. Is there very much human hair sold in America?

Mr. TOMPKINS. Human hair all comes from China.

Senator SMOOT. I know all that is imported comes from China, but do you collect any in America?

Mr. TOMPKINS. No, sir; there is nothing collected in America.

Senator SMOOT. Then, why do you want more than 10 per cent?

Mr. TOMPKINS. Because it comes in competition with our main business, which is camel's-hair press cloth.

Senator SMOOT. There is not enough of it, is there; there is not so much made?

Mr. TOMPKINS. In 1919 there were 2,000,000 pounds of human hair imported into this country and in 1920 there were 2,350,000 pounds.

Senator SMOOT. That is for all purposes?

Mr. TOMPKINS. It all goes into press cloth; that is, 90 to 95 per cent goes into press cloth; it is not used for any other practical purpose.

Senator McCUMBER. Is that about the period the Chinaman began to cut off his pigtail?

Mr. TOMPKINS. It was before that. It found its market here during the war when camel's hair could not be imported into this country at that time.

Senator LA FOLLETTE. What is it used for?

Mr. TOMPKINS. The cloth is used to press through it the oil contained in cotton seed, flaxseed, mustard seed, coconut beans, peanuts, etc.

Senator LA FOLLETTE. It is used as a strainer?

Mr. TOMPKINS. Yes; and the great pressure put upon these cloths sometimes run up to 6,000 or 6,500 pounds per square inch.

Senator McCUMBER. It is used for straining?

Mr. TOMPKINS. It is used for straining vegetable seed, as before stated.

Senator McCUMBER. Used for food?

Mr. TOMPKINS. The oils are.

Senator McCUMBER. After they are squeezed through Chinese hair?

Mr. TOMPKINS. Yes; it has become very popular. Competition does a great many things in these days.

Senator McCUMBER. I presume it is thoroughly disinfected.

Mr. TOMPKINS. It is cleaned. If the change in paragraph 1424 is made up on parity with camel's hair, we respectfully suggest that that change would justify and require that the duty on human-hair press cloth, 1426, should be given a compensatory duty of 50 per cent ad valorem, which would carry it along in the same proportion as it had been advanced to meet the parity on camel's hair.

This human-hair press cloth was a war development when camel's hair could not be procured, and having grown up to such proportions that it should have the same treatment as camel's hair in the matter of fixing duties in just proportions.

Senator McLEAN. How does the price of human hair compare with that of camel's hair?

Mr. TOMPKINS. There is a difference of about 15 cents per pound.

Senator LA FOLLETTE. In favor of the camel?

Mr. TOMPKINS. In favor of camel's hair—camel's-hair press cloth; that is, the price of camel's-hair press cloth is about 15 cents per pound higher than the price of human-hair press cloth.

I leave our brief with you.

BRIEF OF CHARLES C. TOMPKINS, REPRESENTING J. C. PERKINS CO. (INC.), BROOKLYN, N. Y.

Under the tariff act of 1913 the duty upon raw human hair is approximately four times as much as the duty upon human-hair press cloth. We ask that this be corrected and the duty upon the press cloth fixed at a rate which will be properly proportioned to the duty on the raw human hair and so as to give the necessary protection on the human-hair press cloth.

Under paragraph 351 (tariff of 1913) a duty of 10 per cent ad valorem is placed on raw human hair. Under paragraph 353 (tariff of 1913) a duty is placed on hair press cloth of 15 cents per square yard. This hair press cloth has been construed to include human-hair press cloth.

Human-hair press cloth weighs approximately a pound per square foot, or 9 pounds to the square yard. The rate of 15 cents per square yard, therefore, amounts to less than 2 cents a pound. The cost of human hair has averaged around 60 cents per pound during the last several years. Allowing for the loss in waste and dirt, the cost in 1 pound of finished product is approximately 80 cents. The duty on this, at 10 per cent ad valorem, would be 8 cents, which is over four times as great a duty per pound on the raw material as on the finished product.

Merely assuming that the present duty on the raw material will be continued in the tariff now in preparation, or a similar duty imposed for purposes of revenue at least, we ask that a duty of 50 per cent ad valorem on foreign value as fairly providing the protection needed. This relative difference between the raw material and the finished product should be maintained, whatever may be fixed as the rate of duty on the raw material.

The companies filing this brief manufacture camel's-hair press cloth, and two of them also manufacture human-hair press cloth. The camel's-hair press cloth was originated and developed in America. The human-hair press cloth originated in Europe; but since the tariff of 1913, and largely due to the necessities of the war and the difficulty of obtaining camel's-hair, the manufacture of human-hair press cloth has been developed in the United States until, in 1919, over 2,000,000 pounds of raw human hair were imported into this country, paying a duty of $136,400. During the first six months of 1920, 1,142,760 pounds were imported, paying a duty of $86,888.

Probably 90 or 95 per cent of this hair was for the manufacture of human-hair press cloth, and human hair does not come in competition in any respect or particular with any American grown fiber, but its usefulness and benefits are infinite for the making of the essential item of press cloth when the other press-cloth fibers are not available, as was the case during the war, for our food and ammunition supply.

We firmly state that the oil-milling business of America—cotton seed, with all its by-products, linseed and its by-products, and numbers of other essential industries—could not be operated without these press cloths; were of no value substantially before the discovery, the production, and the development of these press cloths, and would be valueless without them. Around $5,000,000 are invested in the plants of the companies filing this brief, which are engaged exclusively in the manufacture of press cloths.

Conditions during the war prevented importation of this press cloth into the United States. It is impossible to give costs in foreign countries at the present time or for the future until conditions become more stabilized in Europe. The human-hair press cloth originated in Austria, where we understand the costs are probably among the lowest in Europe.

Human-hair press cloth is now the principal competitor of camel's-hair press cloth, which latter is a worsted, and grades of which can compete with American clothing and American dress goods if dyed. We submit, therefore, that it is necessary that all classes of press cloths be considered in fixing the duties upon the different classes. With the duty fixed upon camel's-hair press cloths the same upon other worsteds, and with the suggested duty upon human-hair press cloth, the duties will be properly proportioned upon all kinds of press cloth; proper regard will be given to the difference in costs in the United States and foreign countries, and the duties will be fairly distributed.

As we have stated, the use of human-hair press cloth for oil-milling purposes was a development largely of the recent war to meet war needs. While hair press cloth was referred to in preceding tariffs there was, in fact, comparatively little of the present human-hair press cloth used for oil-milling purposes in existence or used in this country prior to the war. The hair press cloth referred to in former tariffs was a very light weight cloth, similar to crinoline and hair cloth known as hair seating—with which it was classified in the tariff—and could not have been used for the same or similar purposes for which human-hair press cloth is now used.

The provisions of former tariffs as to hair press cloth manifestly have no real application to the product now in use, and the tariff history of "hair press cloth" throws no light upon the present question. In fact, the "hair press cloth" in use when these tariffs were written was not only a light hair cloth, doubtless meagerly used for some filtering purposes, and made of goat hair and horsehair, but which construction can not be used for oil-milling press cloth.

However, as a matter of information, in the tariffs of 1897 and 1909 ordinary manufactures of human hair bore a duty of 35 per cent ad valorem, with raw uncleaned human hair on the free list.

It is necessary that manufacturers of human-hair press cloth be given the same protection afforded other manufacturers under the American policy of protection. It is also necessary that the duty on human-hair press cloth be placed and proportioned with

reference to the camel's-hair press-cloth industry, which was originated and developed in America.

During the war to meet the requirements and urgent demands of the Government, in order that the oil mills might run and material for food and ammunition be supplied for our Government and that of our allies, which could not have been furnished unless we produced the necessary press cloths, we stressed production to the utmost limit, and large additions were made to plants at great expense. When European press cloth again enters this field those investments, as well as previous investments in this industry, will be destroyed, unless due recognition and protection is afforded this important and essential American manufacture.

FUR-FELT HATS.

[Paragraph 1427.]

BRIEF OF EDWARD W. BILL, REPRESENTING BILL & CALDWELL, NEW YORK CITY, AND WILLIAM C. HESSE, PHILADELPHIA, PA.

This statement is made in behalf of Bill & Caldwell, wholesale importers of men's hats, New York, and William C. Hesse, wholesale importer of men's hats, Philadelphia, these two firms, with one or two others, being the only firms regularly and solely engaged in the importing of men's hats. Our sales throughout the United States are to the retail merchants only. All imports, other than those handled by those firms, are those which are only occasionally undertaken by the retailers themselves at infrequent intervals when a passing style or unusual conditions of the home or foreign market may for the moment prompt them to bring over a few isolated shipments.

The limited number of firms engaged in the business of importing is simply because the present duty is and the duties during the last 20 years have been so near prohibitive that any volume of imports of foreign hats is absolutely out of the question. No stronger argument can be advanced to sustain this than the past and present insignificant showing of imports, due to the near prohibitive rates existing, all of which will be outlined.

We wish to protest against the rate of duty and the valuation plan proposed in the new tariff bill now under consideration for the reason that they would absolutely prohibit the importation of fur hats, and we do not believe it to be the intent of Congress to enact a prohibitive tariff.

RECOMMENDATION.

We suggest to your committee that no duty on fur-felt hats be enacted that will in effect be a greater handicap than the present 45 per cent duty based on a foreign valuation, this duty, as will be shown, being practically prohibitive and certainly, to the fullest extent, protective of domestic industry.

HISTORY OF IMPORTATIONS PREVIOUS TO 1919.

Statistics available to your committee of the hats manufactured in this country and of the imports of hats during a period from 1904 to 1919 show a most insignificant amount of hats brought into this country. It will be found on investigation, for instance, that the percentage of the value of imports to the value of manufactures at intervals of five years from 1904 (the years the comparative statistics are available) are the following:

During the year 1904 only thirty-two one-hundredths of 1 per cent of the amount manufactured were imported.

During the year 1909 only eighty-one one-hundredths of 1 per cent of the amount manufactured were imported.

During the year 1914 only 1.23 per cent of the amount manufactured were imported.

During the year 1919 only fifty-eight one-hundredths of 1 per cent of the amount manufactured were imported.

Furthermore, to express it another way, the number of dozens imported during each year from 1904 to date is as follows:

	Dozen.		Dozen.		Dozen.
1904	8,817	1910	42,942	1916	24,904
1905	8,143	1911	41,002	1917	26,900
1906	14,536	1912	47,976	1918	20,747
1907	19,195	1913	37,942	1919	15,066
1908	21,893	1914	26,709		
1909	32,715	1915	15,058		

In this showing for the last 15 years one fails to find any menace to the domestic hat industry, particularly when it is noted that the value of hats made in the United States increased from $37,000,000 in 1914 to $82,000,000 in 1919, or had more than doubled since the enactment of the 1913 tariff. There is no evidence of anything but a most insignificant importation, and certainly there is no evidence that additional protection is needed.

SHOWING FOR THE YEAR 1919.

Coming to more recent years, no stronger argument need be advanced to sustain our recommendation that no duty higher than the present be enacted than an examination of the record for the calendar year 1919 (the last year complete data are available). In that year the manufactures of hats in the United States were $82,745,000. The exports were $1,699,000, and the imports were only $484,000. Just a trifle more than one-half of 1 per cent of the total production of domestic hats were represented by goods imported. There were almost four times more exported than imported. Yet, in the face of this showing, an increase over the present near prohibitive rate of 45 per cent is suggested.

SHOWING FOR THE YEAR 1920.

Then comes the "big" year of 1920, viewed with such alarm by the domestic factories, a year during most of which they could not turn out goods fast enough. During that year a most conservative estimate indicates $100,000,000 worth of fur-felt hats made in the United States. (One domestic firm alone is reported to have done a business of $19,000,000 during 1920.) During the year 1920 exports, in the face of "ruinous foreign" competition, were $3,145,000. During the year 1920 the imports were $1,159,000, and these are the largest in the history of the business (due to some extent because many merchants could not get their wants filled at home, and due, further, to a passing demand for foreign velour hats). Nevertheless these imports were only a little more than 1 per cent of the manufactures. In other words, estimating conservatively, there were 2,000,000 dozen fur hats made in the United States during 1920, and exactly 30,735 dozen were imported. This means, for example, that the hats imported might have covered the men living in the State of Arkansas, which leaves every other man of the remaining 108,000,000 population living in every other State, city, town, and hamlet throughout the large United States to be covered by the hats made by domestic factories. Still, in the face of this showing and the further fact that almost three times more were exported than imported, the demand is made to increase the duty above the present near prohibitive rate of 45 per cent, this rate, by the way, being the highest in the present tariff, with the exception of a few notable luxuries.

SHOWING FOR THE YEAR 1921.

In case it may be considered that fur hats are coming in during the year 1921 in large quantities, reference to the statistics of the Bureau of Foreign Commerce will show a decided falling off from 1920. The eight months to August 31, 1921, showed an importation of $388,000; so, practically to date (and the heavy months are included in each case), the 1921 imports are only 47 per cent of the 1920 imports.

CLAIMS OF DOMESTIC MANUFACTURERS.

Inasmuch as paragraph 1427 (H. R. 7456) is a substantial change in form and also means an increase in the rates to be collected on fur hats, it must be assumed that this decision was influenced by statements made to the House Ways and Means Committee by the representative of the domestic manufacturers and also in their brief. (See hearing before the Ways and Means Committee, Schedule N, February 10, 1921, $31, p. 3196.) Emphasis is laid on the detailed data supplied in support of claims for an increase by citing the case of a hat made in England in 1913 compared with American-made hats of that same time. We are not in position to comment on the figures in this comparison, but we can say that at that time we were never able to buy such a hat as is cited, and, if we had been, we certainly were not smart enough to transport a dozen of such hats from England to the United States for any such figure as is allowed for freight, insurance, and charges in the computation set forth. Aside from these minor points, the statement and argument fail to carry weight—

First. Because $2 hats are to-day no factor in the hat business. They can not be produced, here or abroad. Everybody knows that.

Second. A comparison of labor and material costs of 1913 is of little value to-day; 1913 was a long time ago, and there have been many changes since.

Third. Costs of hats in England since 1913 have advanced much faster than costs of hats in the United States. One English manufacturer cables, "To-day's prices 160 per cent over 1913." Another English manufacturer cables, "Price of 6142 is 200 per cent higher than October, 1913" (style 6142 being a representative style of this maker).

Reversely, the price to-day of domestic-made hats shows no such advance since the enactment of the tariff of 1913. One notable domestic hat shows to-day an advance of only 80 per cent over the price of 1913. Another well-known make shows an advance, at to-day's price, of not more than 33 to 40 per cent since 1913. We must assume that the quality of the domestic hats advertised remains the same and, even allowing for the small discrepancy in the value of sterling to-day compared with 1913, there is a vast increase in the percentage of advance of the English hat as compared with the advance of the domestic hats.

Fourth. Naturally, few hats have been brought in from England during the last few years, as compared with former imports. In the year 1920, which was a big year, only 2,816 dozen were brought in from England.

Furthermore, claim was made that the change in the wording of the schedule was necessary to cover higher priced hats being imported, a large part of which are the velours from Czechoslovakia. Referring to these same velours, the spokesman for the domestic hatters said (p. 319):

"The sole reason why we want to get this classification changed is that there is quite a tendency toward the higher priced hats, which are imported, which, in fact, are not made in this country to any great extent, at least the very fine hats in Austria, etc."

This statement is entirely true, and yet, in spite of it, the request was made and the request was granted, which means that the rate of duty on these hats, which admittedly do not compete with hats made in this country, was increased from the rate of 45 per cent of foreign valuation to the equivalent of about 53 to 55 per cent of foreign valuation.

However, all statements made by any party at interest in this matter will be thoroughly checked up by your committee, so it is quite unnecessary to elaborate further on the insufficient evidence produced to support the change in the rate of the paragraph as relating to fur-felt hats.

FOREIGN COSTS OCTOBER, 1913, TO OCTOBER, 1921.

We quote above cables from two English manufacturers, one showing an advance of 200 per cent during this interval and another an advance of 160 per cent. A large Italian manufacturer cables, regarding a representative hat in his line, "Price is 105 per cent higher than October, 1913, on gold basis." The advance of hats from Czechoslovakia (so-called Austrian velours) run from 75 to 100 per cent, figured also on a gold basis. These advances in practice are even more than the percentages mentioned, because of the very large increase in the cost of packing and expenses to land the goods in America, when landing costs of October, 1913, are compared with those of October, 1921.

Contrasted with these large advances, running from 75 to 200 per cent, are the advances in representative American hats from 33 to 80 per cent, as already explained. The question of exchange is not a factor, except so far as the English hats are concerned, as will be explained later. This comparison is made of October, 1913, as compared with October, 1921, for the present tariff bill was framed in the former year. We maintain that, with the relatively higher foreign costs, anything like the enactment of the tariff of 1909, or any modification of it in form or scheme, is entirely illogical, unnecessary, and prohibitive, for assuredly, in view of the showing, we are entitled to no greater handicap than the present duty, namely, 45 per cent, straight ad valorem of foreign valuation enacted in the bill of 1913.

EXCHANGE QUESTION.

The question of exchange depreciation is not to be considered. Personal knowledge of foreign business plainly shows that there has been no advantage gained because of exchange depreciation—quite the reverse.

In October, 1913, a certain French hat cost in France 7.50 francs each.

In October, 1921, the identical same hat cost 39.50 francs each.

This shows that since the enactment of the present tariff the increase in the cost of this hat in France has been 425 per cent, or, in other words, to find what increase in American money this hat actually cost, we find:

In October, 1913, the hat cost 7.50 francs each, which at 19.3 cents to a franc, equals $1.45.

In October, 1921, the same hat cost 39.50 francs each, which at 7.50 cents to a franc equals $2.96. This shows an actual advance in the amount of United States money paid for the identical hat of over 100 per cent. Furthermore, and this has particular bearing on hat schedules, practically every hat brought in from Czechoslovakia, Austria, Germany, and Italy must be bought in American dollars. Those people know that American money has a real value, and sales are made in the United States dollars or not made at all.

COST TO LAND GOODS IN AMERICA.

As bearing on the adjustment of any fair rate of duty, it must be conceded that men's hats are bulky, expensive to pack and transport. The cost of packing—that is, cases and cartons—are not included in the cost price of hats, as is the custom on domestic merchandise. These packing charges are high, and in addition the importer is required to pay duty on these high charges. The freight, for instance, from Italy to New York is a large item. The insurance rates for full coverage are high. At every turn there are varied and increasing expenses to be overcome. In practice it costs $6 a dozen to cover all the above-mentioned expenses and to land 1 dozen hats from Italy or Czechoslovakia, in New York. Naturally, this does not cover any duty on the hats themselves. This handicap in itself affords the domestic just that much additional protection and assuredly is to be taken into account.

COMPARABILITY OF FOREIGN WITH DOMESTIC HATS.

Any plan to assess duty on men's fur hats on the basis of comparability, it is submitted, is and can not be in the least feasible. There are not and never have been any points of comparison between a domestic hat and a foreign hat. They are entirely dissimilar. If they were not, then even the small amount now imported would be entirely eliminated, for even the present duty effectually prevents the sale of foreign hats on a competitive basis. The retail prices range so much higher as to prevent any generally popular sale. The only reason a few foreign fur felt hats can be sold to-day is because of the energetic pushing and advertising, emphasizing the specific styles as possessing an individuality, as having peculiar earmarks or characteristics different from the ordinary run of domestic hats, and in this way an appeal can be made to a limited number of men willing to pay the price. For this, and for no other reason whatsoever, is the small business done on foreign hats. If they were or could be sold on a competitive value basis, why were the imports of 1919, even under a 45 per cent tariff, only one-half of 1 per cent of the hats manufactured here?

WHAT IS A TRADE-MARK WORTH?

To suggest an assessment of any duty on a comparable basis.one must of necessity take into consideration the computing of the value of a trade-mark. Who can do that? This is a most intangible proposition, certainly in so far as foreign hats are concerned. One domestic maker seems to have put a value of $18 a dozen on his name. Another a value of about $9 a dozen on his name. No effort can be made to estimate the value of a foreign trade-mark. Assuredly this feature alone introduces an element of great uncertainty into any suggested basis of comparison.

COMPOUND DUTY UNWORKABLE.

The suggested bill provides for a compound duty on fur felt hats; that is, a duty both specific and ad valorem. This, it is submitted, is entirely unworkable. No reason was advanced for its insertion in the bill under discussion in preference to the easily administered and entirely satisfactory straight ad valorem of the act of 1913. The straight ad valorem method of assessment is in every way, in connection with a proper rate of duty, entirely protective of the interests of the domestic manufacturers. It is easy of administration and, with a few justifiable exceptions, is the method of assessing duty for all articles kindred to hats. No good reason exists for any compound duty on hats, and there is every strong argument against it. The statement is not open to contradiction—that no man, no matter how expert he may be, except the man who actually makes the hat, can accurately judge the value. Some of them can not tell within $6 a dozen, others say within $3 a dozen. One foreign authority says price can not be established—"not within 20 to 30 per cent of the value." Another foreign authority says, "As to worth, one can not judge even approximately." Many opinions, all in the same strain, can be set forth, but it seems superfluous, as even the

domestic manufacturer knows the impossibility of placing any value, except an approximate one, on any hat, except he knows the cost of material and labor which go into the hat. Yet the examiner in the appraisers' stores will be called upon to say whether a certain importation is worth $35.90 a dozen or $36.10 per dozen. If he says the former, the Government is out $3 per dozen. If he says the latter, the importer is out $3. It is admitted that previous experiences with compound rates on hats have been entirely unsatisfactory. It just simply can not be done, and assuredly under the present condition it is not the intention to legislate an impossibility into the tariff act.

Therefore we object very strongly to the various brackets suggested in paragraph 1427, regulating duties in progressive ratios, or steps, based on "values per dozen."

In the past, during the operation of the Payne tariff law, we found, as already mentioned, that this feature was very objectionable in that it was a constant source of annoyance and irritation at the customhouse when it came to determine whether the actual value should be fixed a trifle above or a trifle below the line of demarcation.

For all these reasons we are strongly in favor of a straight ad valorem duty similar to that now in force under paragraph 354 of the tariff act of October 3, 1913. We feel that it will be more satisfactory in every way and a great relief and aid to customs officers in administering the tariff and appraising the merchandise.

COMPARISON OF PRESENT AND SUGGESTED DUTY.

Should it be decided that there is no basis for comparison of domestic with imported hats, then an alternate plan of assessing the duty on the American wholesale price might be taken under consideration by you. Should this situation come about and the wording of paragraph 1427 (H. R. 7456) be followed, then, considering the quality of most of the hats now being imported, it would mean a duty equivalent to 90 to 120 per cent on the foreign value instead of a duty of 45 per cent on the foreign valuation, as at present.

There are now being imported by the firm in Philadelphia hats which actually cost $36.02, foreign valuation. Under the present rate of 45 per cent duty, based on the foreign valuation, it figures:

Net cost abroad per dozen	$36.02
Present duty, 45 per cent	16.20
Charges	6.00
Net cost landed	58.22

If this same hat were imported under the suggested paragraph 1427, but on a foreign valuation, it would figure cost and approximate selling price as follows:

Cost abroad	$36.02
Specific duty	13.00
Ad valorem duty	7.20
Charges	6.00
	62.22
Profit, discount, all overhead charges, including commissions paid, 30 per cent	18.66
	80.88

According to the American valuation plan, in cases where it is not possible to make a comparison with a domestic article, the duty would be assessed on the selling price, in accordance with section 402, and the result would be as follows:

Cost abroad	$36.02
Charges	6.00
Specific duty	16.00
Ad valorem duty, 20 per cent of $80.88	16.18
Actual net cost landed	74.20

This brings the actual net landed cost to $74.20, as compared with the actual net landed cost of $58.22 as at present. In the last example quoted the duty of $32.18 is approximately 90 per cent of the foreign cost instead of the present 45 per cent on the foreign cost. This plainly shows an increase of approximately 100 per cent over the present rate.

CONCLUSION.

Should any duty be assessed that in practice means any larger penalty on importations than the present 45 per cent of foreign value, then the firm presenting this data, and possibly other firms, will be obliged to discontinue the importing business, for unquestionably the handicaps would be such as to be impossible to overcome. It would appear that the Government should not lose the duty now collected on the small amount imported, an amount of approximately $245,000 yearly average for the last 14 years. The firms in question believe thoroughly in the principle and practice of protection of American industries, but believe, furthermore, that the hat manufacturers have during the last 20 years been largely overprotected, as is evident to anyone who would study the situation. As far as the rates on fur felt hats are concerned, the enactment of still further prohibitory rates would be disastrous.

We place ourselves in your hands with confidence that you can readily realize the definite handicaps we have been confronted with during these past years and that they will not now be made entirely impossible to overcome.

STATEMENT OF WILLIAM V. CAMPBELL, YONKERS, N. Y., CHAIRMAN NATIONAL ASSOCIATION OF FUR AND WOOL FELT HAT MANUFACTURERS.

Mr. Chairman and gentlemen, I represent, as president, the National Association of Fur and Wool Felt Hat Manufacturers, and wish to submit for your consideration a very short brief relative to fur-felt hats covering paragraph 1427, Schedule 14.

It was not my intention to speak before you relative to the brief we submit, as we consider that the brief filed with the Ways and Means Committee last February gave in detail what we consider our tariff needs but, inasmuch as the gentleman who has just spoken before me has requested your committee to consider placing a duty upon raw skins which are imported for the sole purpose of cutting hatter's fur and has also requested that the duty on cut fur be reduced, therefore, with your permission, I would like to oppose his request and say to you that we consider it very important to the welfare of our industries that rabbit skins for hatter's fur be allowed to come in free of duty, because there are practically no skins in this country that can be used for the cutting of hatters' fur, and it would be a burden on the hat-buying public and would have a great tendency to pull down an industry which depends entirely upon foreign raw material for its existence. This is not so, however, with the hatter's cut fur, which needs all the protection that has been asked for by the hatters' fur cutters of the United States, as the entire cost of transforming fur from the rabbit skins into hatter's fur is one of labor, and it is absolutely necessary that a substantial duty be placed upon cut fur so that the labor employed by the fur cutters of this country can be protected.

Mr. Aaron Naumburg, who spoke to you earlier in the day, representing the hatter's fur cutters of the United States, was obliged to leave before the testimony of the gentleman who has spoken before me, and I take the liberty of asking you to consider the few facts I present, inasmuch as the hatter's fur cutting industry and the fur-felt industry are so closely linked one to the other.

If there is anything further that you would like an explanation on, we will be very glad to give it to you.

We ask your consideration of the following brief:

I. The National Association of Fur and Wool Felt Hat Manufacturers is a permanent organization which represents the entire fur-felt hat industry of this country and is affiliated with the Chamber of Commerce of the United States. This association filed a brief with the Ways and Means Committee last February which gave in detail the history of the industry and our tariff needs. This brief appears on pages 3315–3324, Hearings on General Tariff Revision, Part V, 1921.

II. In the sale of men's fur-felt hats American manufacturers are confronted with keen competition from Italy, Austria, Czechoslovakia, France, and England, as the foreign manufacturers are able to land their products in this country, duty paid, at lower prices than American manufacturers can make them. Foreign manufacturers also have the advantage of being able to obtain their raw material in European countries, which means a large saving on transportation charges.

III. Our source of supply is largely foreign, and the cost of these raw materials is subject to the duties which are levied for revenue and protection, ranging from 15 to 45 per cent under the present tariff act. If the duty on our raw materials is increased it would necessitate a proportionate increase of the rate of duty which we ask on our finished product.

IV. Imports of fur-felt hats doubled in 1920 over those of 1919, while the production for the same year in this country decreased more than 50 per cent. This doubling of the volume of imports in one year is a serious one to our industry, and shows that the present tariff rate is entirely inadequate.

We respectfully ask the same specific and ad valorem rates of duty as in the bill as it passed the House, and which are substantially the same as those in the Payne-Aldrich tariff bill, with the exception that additional classifications have been made to cover higher grades than were contained in that law. Higher classifications for specific duties were not required at the time of the passage of the Payne-Aldrich law, as foreign hats were not then made to any great extent in grades higher than the $18 price abroad. Higher costs of labor and materials in both this country and abroad, however, made new prices abroad as well as in this country.

V. We are in favor of American valuation and hope that the committee will find a way in which to utilize this principle. If it is not found possible to base the ad valorem duties on American valuation, we ask, in addition to the specific duties, an ad valorem duty equivalent to 20 per centum on American valuation, which is the least on which this industry can possibly hope to compete with foreign manufacturers and still remain in business.

NOVELTY JEWELRY.

[Paragraph 1428.]

BRIEF OF HENRY G. THRESHER, REPRESENTING TARIFF COMMITTEE OF THE NEW ENGLAND MANUFACTURING JEWELERS AND SILVERSMITHS' ASSOCIATION.

The New England Manufacturing Jewelers' and Silversmiths' Association represents the manufacturing jewelry industry of Providence and the Attleboros. This vicinity has for over a century been the great center for the manufacture of medium and low priced jewelry.

We respectfully ask the attention of the Committee on Finance to the brief filed by this association with the Committee on Ways and Means during its recent tariff hearings, which appears on pages 3327–3331, inclusive, of the volume entitled "Tariff Information, 1921, Hearings on General Tariff Revision Before the Committee on Ways and Means, House of Representatives, Part V."

We now and herein respectfully petition the Committee on Finance—

1. To retain unaltered the wording or classification of the jewelry paragraph, No. 1428, of H. R. 7456, which is also the wording or classification of the jewelry paragraph of the act of 1913.

2. Assuming that the American valuation, as a basis for applying ad valorem rates of duty, is to become the law, to change the rates of 55 and 45 per cent ad valorem, appearing in paragraph 1428 of H. R. 7456, to 60 and 50 per cent ad valorem, respectively.

3. If the foreign wholesale market value is made the basis of applying ad valorem rates of duty to grant rates which will be the equivalent of 60 and 50 per cent, respectively, when applied on American valuation. In other words, we ask for protection that protects.

4. To inspect the exhibts, which were presented to the House Ways and Means Committee, which we are submitting herewith, and also to take careful note of the additional exhibits, prepared for the Committee on Finance, also submitted herewith.

The wording of paragraph 1428 of H. R. 7456 is the same as that of the jewelry paragraph, No. 356, of the act of 1913, and is practically the same as was recommended by this association in 1913. There has always been a great amount of litigation in connection with the jewelry paragraphs of the several tariff laws and the jewelry paragraph of the tariff acts prior to the present one have generally been interpreted unfavorably to the Government. On the other hand, the jewelry paragraph of the act of 1913 and of H. R. 7456 has been interpreted in harmony with the intent of Congress and favorably to the Government and the American industry as is shown in our brief filed with the Ways and Means Committee where reference is specifically made to the following favorable decisions of the Court of Customs Appeals, T. D. 36259, T. D. 36507, T. D. 35343, T. D. 35434, and T. D. 37048. We submit that the interpretations of this paragraph rendered by the Court of Customs Appeals should, for the purpose of revenue for the Government and of protection for the industry, be conserved by the enact-

ment into the new law of paragraph 1428 of H. R. 7456, without any change whatsoever either of elimination or addition in the wording or classification.

As regards the rates of duty, assuming that the American valuation as a basis for applying rates of duty is to become the law, we respectfully ask the Committee on Finance that the rates of 55 per cent and 45 per cent ad valorem appearing in paragraph 1428 of H. R. 7456 be changed to 60 per cent and 50 per cent, respectively. That even with American valuation these rates will not prohibit imports is demonstrated by the prices of foreign goods which have been coming into this country in great volume since we presented our brief to the Committee on Ways and Means. Since then foreign-made jewelry and jewelry novelties have been coming into the United States laid down at prices far below any figures which could possibly have been anticipated and in volumes which imperil domestic industry. In addition to the exhibits referred to in our brief to the House committee we also submit other exhibits showing the competition which has developed in recent months. Those of foreign manufacture have been imported since our brief was filed with the Committee on Ways and Means. In order not to trespass unduly on the time of your honorable committee we have limited the number of these exhibits. The number, however, could be increased indefinitely and all would tell the same story.

Exhibit No. 25A is a white stone bar pin made in Providence, R. I. The actual cost of production without any profit added is $34 per gross.

Exhibit No. 25B is a white stone bar pin made in Gablonz, Czechoslovakia, and is a copy of Exhibit No. 25A. It is laid down in the United States, duty paid, at $13.60 per gross.

Exhibit No. 26A is a white and blue stone bar pin made in Providence, R. I. The cost of production without any profit added is $58 per gross.

Exhibit No. 26B is a white and blue stone bar pin made in Gablonz, Czechoslovakia, and is a copy of Exhibit No. 26A. It is laid down in the United States, duty paid, at $18 per gross.

Exhibit No. 27 is a white stone brooch made in Gablonz, Czechoslovakia, and is laid down in the United States, duty paid, at $5.23 per gross. One gross of these brooches represents 2,448 pieces of metal, 864 stones, 2,736 pieces of solder, and 4,176 operations, or a total of 10,224 pieces of material and operations.

Exhibit No. 28 is a fancy brooch stone set, made in Gablonz and laid down in the United States, duty paid, at $5 per gross.

Exhibit No. 29A is a silver-plated, unsoldered mesh bag made in Plainville, Mass. The cost of production without any profit added is $3.30 each.

Exhibit No. 29B is a foreign copy of No. 29A. It was made in Pforzheim, Germany, and laid down in the United States, duty paid, at $1.78 each.

Exhibit No. 30A is an imitation ivory and enamel cigarette holder made in Providence, R. I. The actual cost of production without any selling expense or profit added is $41.12 per dozen, including an inexpensive container.

Exhibit No. 30B is a German-made cigarette holder of genuine ivory and enamel. It comes in a container superior in value to the American container and is laid down in this country, duty paid, in the wholesale market for $2 each, or $24 per dozen, including the container.

Exhibit No. 31A is a sterling silver, enamel pencil, the sterling being gold plated, made in Providence, R. I. The actual cost of production without any selling expenses or profit added is $42.67 per dozen.

Exhibit No. 31B is a sterling silver enamel pencil made in Germany and is a better article than the American pencil for the reason that it has a clip and the enamel is deposited to the very point of the pencil. It is laid down in this country, delivered to the consignee, for $1.06 each or $12.72 per dozen.

When it is understood that the figures given are in the case of the American articles, the bare cost of production, and in the case of the imported articles, the actual prices at which such imported articles are sold in the American wholesale market, the exhibits will, we believe, justify our request for a rate of 60 per cent ad valorem based on American valuation, especially when it is remembered, as shown in our brief to the Committee on Ways and Means, a very large percentage of our total cost of production is a labor cost. In many lines of jewelry the rate could be very much higher than that requested without becoming prohibitive.

If the present method of figuring ad valorem rates of duty on foreign wholesale market value, which in many cases means merely the foreign invoice

value, is adopted in place of the American valuation embodied in the House bill, we respectfully ask for ad valorem rates of duty which will furnish protection that protects. Our brief to the Committee on Ways and Means requested ad valorem rates of 85 per cent and 75 per cent. Since that brief was filed, however, conditions have been radically changed by the importations which have been coming into this country. The almost incredible prices at which competing foreign merchandise is being laid down in our domestic market, as indicated by our exhibits, demonstrate that even 85 per cent ad valorem is utterly inadequate and will not afford protection.

As bearing upon the matter of rates in the jewelry paragraph, attention is called to the fact that although the present rate of 60 per cent foreign valuation is changed to 55 per cent American valuation in House bill 7456, the rate on most of the imitation precious stones which the industry uses and which constitutes a large item of our cost is raised from the 20 per cent foreign valuation rate of the acts of 1909 and 1913 to 45 per cent American valuation in paragraph 1429 of House bill 7456. These imitation precious stones, both white and colored, are not manufactured, have never been manufactured in this country, and, in our judgment, can not be made here. They are made by secret processes which have been handed down from generation to generation of workers who have spent and are spending their lives exclusively in the making of imitation precious stones. An increase of 125 per cent in the rate of duty on our raw material in the form of imitation stones over that of former tariff acts will greatly increase the difficulties our manufacturers will have in meeting foreign competition in our home market if this increase prevails.

We believe it a fair contention and a self-evident truth that in view of the fact that the imitation precious stones to which we refer are made in the same countries which are now laying down in our markets finished jewelry set with these very stones at prices from one-half to one-third the American cost of production, the rate of duty on such imitation precious stones should not be raised above the rate carried by them in the acts of 1909 and 1913. The raising of the rate on this necessary raw material of the manufacturing jewelers will result in making it just so much the easier for the foreign jewelry manufacturer to put the American manufacturer out of business and the American workman out of employment.

The rates of 60 per cent and 50 per cent, respectively, with American valuation or the equivalent thereof, in foreign valuation should be adopted, are essential to the welfare of the industry and the livelihood of its wage earners. At the present moment many of our factories are without business and their operatives without employment because of the fact that under a 60 per cent rate based on foreign valuation foreign merchandise is being imported in such quantities and at such prices that it is driving the American product out of the market. Not only are many factories without business, but already former jewelry manufacturers are turning to the importing business, with the result that their former employees are idle.

We, therefore, respectfully ask for the enactment into law of the following paragraph, which as respects its classification or wording is the same as the jewelry paragraph of the act of 1913 and of H. R. 7456. The indicated rates of 60 per cent and 50 per cent are asked for on the assumption that American valuation is to be adopted:

"Jewelry, commonly or commercially so known, valued above 20 cents per dozen pieces, 60 per centum ad valorem; rope, curb, cable, and fancy patterns of chain not exceeding one-half inch in diameter, width, or thickness, valued above 30 cents per yard; and articles valued above 20 cents per dozen pieces designed to be worn on apparel or carried on or about or attached to the person, such as and including buckles, card cases, chains, cigar cases, cigar cutters, cigar holders, cigarette cases, cigarette holders, coin holders, collar, cuff, and dress buttons, combs, match boxes, mesh bags, and purses, millinery, military, and hair ornaments, pins, powder cases, stamp cases, vanity cases, and like articles; all of the foregoing and parts thereof, finished or partly finished, composed of metal, whether or not enameled, washed, covered, or plated, including rolled gold plate, and whether or not set with precious or semiprecious stones, pearls, cameos, coral, or amber, or with imitation precious stones, or imitation pearls, 60 per centum ad valorem. Stampings, galleries, mesh and other materials of metal, whether or not set with glass or paste, finished or partly finished, separate or in strips or sheets, suitable for use in the manufacture of any of the foregoing articles in this paragraph, 50 per centum ad valorem."

PRECIOUS STONES.

[Paragraph 1429.]

STATEMENT OF R. G. MONROE, REPRESENTING THE AMERICAN JEWELERS' PROTECTIVE ASSOCIATION, NEW YORK CITY.

Mr. MONROE. My name is Roland G. Monroe; residence 190 Riverside Drive, New York. My business is that of an importer of precious stones. I represent the American Jewelers' Protective Association, which is a national organization including in its membership all of the prominent importers of diamonds and precious stones and all of the important cutters of diamonds in the United States.

Gentlemen, the present rates of duty are 10 per cent on rough or uncut diamonds and 20 per cent on cut diamonds, other precious stones, and pearls.

Senator SMOOT. What would you suggest?

Mr. MONROE. We suggest that the rates imposed in the McKinley bill of 1890 and the Dingley bill of 1897 and the Payne-Aldrich bill of 1909, namely, free entry of rough precious stones and 10 per cent on cut diamonds, other precious stones, and pearls be reinstated.

It is obvious that merchants would not recommend a reduction in the rate of duty, which would automatically lower the value of their stock on hand by 10 per cent, without good and sufficient reason.

It is very clear that the higher the duty the greater the temptation to smuggle and the greater the gain, if successful, and everyone must admit that under the present rate of 20 per cent on cut precious stones the honest importer positively can not compete with smuggled merchandise. As a man can easily carry in his pockets a huge fortune in diamonds and pearls without even a bulge being noticeable, and as passengers on incoming liners and those crossing the Canadian or Mexican frontier are never searched—except in cases where specific information—it is at once evident that smuggling in our line is comparatively simple and extremely profitable. In this connection, it is fair assumption that the successful smuggler who keeps no regular books is equally expert as an evader of taxes.

During the past 8 or 10 years our association has frequently furnished Government officials information which resulted in the detection of smugglers and at the present time we are advertising in the newspapers of the chief diamond markets and shipping ports of Europe, offering a reward of $4,000 for information leading to the arrest and conviction of commercial smugglers. As a result of this advertising, our association has received a great deal of information, all of which definitely corroborates our previous conviction that smuggling of diamonds, precious stones, and pearls is very extensively carried on.

Furthermore, we are more than ever convinced that the best and practically the only way to prevent the smuggling of an article where very large value can be carried in small space is to establish a rate of duty under which it will not pay crooks and thieves to operate.

In this connection I would like to say that the Canadian Government has recently taken off a very small duty—I think it was 7½ per cent—on diamonds from countries other than England, and 5 per cent on imports from England; and I am quite sure that the officials there stated as the reason for eliminating that duty is that they found it

impracticable to collect; that the honest man could not compete and pay duty on a rate as low as 7½ per cent.

Senator SMOOT. Do you know what our Department of Commerce and the State Department are doing in foreign countries to prevent smuggling of diamonds into America?

Mr. MONROE. No, sir; I am not familiar with that.

Senator SMOOT. Have you any real information that could be used as to what extent smuggling of these precious stones is being carried on?

Mr. MONROE. Personally, I happen to be the head of this organization, and have been for five years, and one of our principal objects is to cooperate with the Treasury officials in the detection and prevention of smuggling.

Senator SMOOT. Are there any cases?

Mr. MONROE. There are a great many cases, Senator, where we know definitely; and we know the people that are doing it, and we have given information to the Government. But the law is such that it is necessary, apparently, to catch the man with the goods in his possession at the time that he crosses the border. You take the Canadian border, where you can enter a fishing village like Megantic, take a steamer across the lake, and go from one camp to another, and finally come out on the United States side.

As another example, you can take a motor boat across the St. Lawrence River. After any ship docks at the docks of the big liners we know that there is a regular business carried on by the steward, and in some cases by the officers. We have had some arrests as a result of information furnished the Government where it was done in this way:

When a boat docks at the immediate pier from which passengers go out there is a customs guard. But there is one pier below the entrance, right down below that string of piers on North River, and anybody can go on them and can walk off, and there is no guard there at all.

Aside from the statement I have just made, a man can carry in his pocket, and you can not see, a half million dollars' worth; he can walk off the pier without danger, as he is never searched. Women are also employed as carriers.

We do know, in answer to your question, that smuggling is carried on extensively; and under a duty of 20 per cent, where a man can make $20,000 on $100,000 worth of goods, it is a perfectly reasonable assumption to be undertaken.

Senator LA FOLLETTE. Do you know how many convictions there have been for smuggling diamonds and precious stones across our borders?

Mr. MONROE. There have been very few convictions, Senator.

Senator LA FOLLETTE. I mean in the last year?

Mr. MONROE. There have been several minor convictions, but the commercial smuggler, the man we are after, is very shrewd and sharp, and they go to Canada mostly and they come across to Buffalo, or Toronto or Rouse's Point, and the reason there are practically no convictions of an important kind and amount is that they can not catch them. We know of instances where packages have come to banks in Canada. I know recently where $200,000 worth of goods were sent from England to Canada; we notified our Government, and

they cooperated with our bank and shipped those goods back to England because we knew who had shipped them, and because they knew they were watched and could not get them out.

The CHAIRMAN. Is it not a fact that this smuggling in connection with jewelry has been going on since time immemorial?

Mr. MONROE. Yes, sir; it has been going on and always will go on as long as the rate of duty invites it to go on. If a man can make $20,000 on $100,000 worth, what will not anybody do? The whole revenue forces of the United States can not keep liquor out of this country.

Senator SMOOT. Would 10 per cent prevent it?

Mr. MONROE. Reduce by half the amount.

Senator SMOOT. Of course, if they could make $10,000 they still would do it. I was in favor of free diamonds and 10 per cent, the same as the Payne-Aldrich bill, because of the facts as stated.

Mr. MONROE. I could bring you any number of articles, for example, a pearl necklace that could be put in the vest pocket, and would require no more space than the ordinary sized watch, and yet that string of pearls would be worth, at to-day's prices, $250,000. There is another item I want to deal with, and if there are no further questions I will proceed with that.

The CHAIRMAN. The heavy duty undoubtedly militates against honest men?

Mr. MONROE. It practically does not put us out of business, because there are people who will not deal with smugglers and who are careful as to the source of goods. But it reduces profit. The Government finally reduced the duty, but they allow taxes, and we are obliged to pay both.

I neglected to state that the differential of 10 per cent between rough and cut stones is necessary to protect the American labor employed in the cutting factories of the United States. Importers of rough stones and the president of the Diamond Workers' Union, who is a member of our committee, agree that 10 per cent is a proper differential.

The following-named gentlemen, occupying positions indicated in previous administrations, have expressed their opinion, based on experience in office, that a 10 per cent rate is as high as can be successfully levied on precious stones: Wm. Loeb, jr., collector of the port of New York; F. M. Halstead, chief of customs divisions, Treasury Department, Washington; J. E. Wilkie, supervising agent, Treasury Department; J. H. Wheatley, special agent in charge, New York City.

I will say, further, that the present corps in the special agent's office in New York have stated recently to my knowledge that in their judgment they can not collect 10 per cent duty the way the law is framed and the ease at which large value can be carried in a small space.

There are two other matters connected with the administrative feature of the present tariff law which, with the consent of your chairman, we wish to bring to your attention: "The appropriation for the prevention of fraud against the customs" at the disposal of the Treasury Department is $200,000. This amount must be spread over the entire United States and includes the expense of detecting

undervaluations as well as the fraudulent entry of all kinds of merchandise.

The CHAIRMAN. I want to say on that point that the attention of the committee, or some members of the committee, has been very strongly called to it, and the subject taken up with the Department of Justice and the Treasury Department with the intention of very substantially increasing the appropriation.

Mr. MONROE. Would you like to hear our suggestion along that line? I would like to suggest that we might file a brief subsequently with your committee embodying some of the suggestions.

The CHAIRMAN. I consider it a very important subject.

Mr. MONROE. Thank you; we do also. We ask that this appropriation be increased by an amount sufficient to enable the Secretary of the Treasury to employ a special squad of at least six men, whose efforts shall be confined to the detection of fraudulent importations of precious stones.

Senator SMOOT. They have a squad of four now.

Mr. MONROE. This plan, if adopted, we are confident, will prove to be one of the most profitable investments the Government has ever made, because such a squad, if properly selected, would add to the revenue annually an amount at least ten times the cost.

We also ask that the Assistant Secretary of the Treasury in charge of customs have the same power under the new law to inspect books and records as is now conferred upon the Commissioner of Internal Revenue. We believe that such a law would tend to reduce commercial smuggling to a considerable extent.

Lastly, we ask for a change in paragraph 642 of the present tariff act, which provides that nonresidents may bring into the United States any amount of personal effects, commensurate with their station in life, free of duty, provided such effects are declared to be brought in without the intention of selling them. We know that large amounts of jewels have entered this country under this paragraph which were sold later, as there is nothing in the law to prevent a nonresident, even though he may honestly have had no intention of selling the goods when he entered the country, from changing his mind and selling them without the payment of duty. It can readily be seen that the door is wide open under paragraph 642 for the entry of jewels to a very large amount and their subsequent sale without payment of any duty whatever. We can see no reason why jewelry or personal effects of large value should not pay duty when sold, if within a reasonable period of time after entry their status is changed and they become merchandise.

It is comparatively simple, in fact, it is very simple, for any nonresident abroad to bring over here a string of pearls, to buy any number of loose pearls of any size in the market over there, when a merchant can go out and employ a nonresident to wear them over here and declare them openly. They may be worth a quarter of a million dollars. He can say, "This is my property, as a nonresident, and I am bringing them in," and the next week they can sell them if they choose and evade all the duty. That is a paragraph that ought to be changed. The only other matter that I wish to bring to your attention is the bearing of the American valuation on our commodity. There is no comparable American production in diamonds. I under-

stand that in such cases the intention of the Congress is to establish a flat rate of 16 per cent increase on foreign costs. I am not sure that that is correct, but that is what I have been told. If that is so it would increase the present duty of 20 per cent, and would amount to practically the duty that was levied under the Wilson Act, 1894, which was 25 per cent, and was almost immediately taken off because all the Treasury officials and all the Government officials who had to do with the collection of that duty admitted it could not be collected. Under the proposed American-valuation plan we must beg, if necessary, that if that goes through that this 20 per cent duty be reduced; and we strongly urge that the duty be what we ask, which has been in force under all previous bills, with the exception of the present one and the Wilson bill, which was free on rough and 10 per cent on cut diamonds.

IMITATION PRECIOUS STONES.

[Paragraph 1429.]

BRIEF OF EGBERT B. SHEPARD, REPRESENTING IMPORTERS OF IMITATION PRECIOUS STONES AND PEARLS.

The firms whose names are signed to this brief are importers of imitation precious stones or of precious and imitation precious stones. They are located in Providence, R. I., or New York and Providence. They import from Europe and sell to the manufacturing jewelers and the manufacturers of combs and celluloid novelties of New England large quantities of imitation precious stones for use in the manufacture of medium and low-priced jewelry, jewelry novelties, combs, and celluloid novelties.

We respectfully invite attention to paragraph 1429 of H. R. 7456.

The first part of paragraph 1429, which provides rates of duty on diamonds and other precious stones, uncut; pearls, not set or strung; diamonds and other precious and semiprecious stones, cut, but not set, and suitable for use in the manufacture of jewelry, we concur in.

We, however, respectfully solicit the careful attention of your honorable committee to the remaining portion of the paragraph, which is as follows: "Chatons, doublets, and synthetic cut stones, used in the manufacture of jewelry and other similar articles, 20 per cent ad valorem; imitation pearls of all kinds and shapes, of whatever material composed, pierced or unpierced, mounted or unmounted, and imitation precious or semiprecious stones, except chatons, doublets, and synthetic cut stones of any kind, of all kinds and shapes, of whatever material composed, 45 per cent ad valorem."

This part of the paragraph, if enacted into law, will increase the present rate of 20 per cent ad valorem, which was also the rate provided for in the act of 1909, to 45 per cent ad valorem on nearly all of the imitation precious stones which are used by the manufacturing jewelers and the manufacturers of combs and celluloid novelties of New England and which are an absolutely essential raw material of that industry. While it is true that 20 per cent ad valorem is provided for "chatons, doublets, and synthetic cut stones," we call attention to the fact that such are but an exceedingly small percentage of the imitation stones used by the American industry. A chaton is an eight-faceted stone in imitation of a diamond or some other precious stone. We therefore have the anomaly in paragraph 1429 that if a stone has eight facets it is to be dutiable at 20 per cent ad valorem, while if it has 16 or 24 or 32 facets, even though it be made of the same material, be of the same color and same general appearance, it shall pay 125 per cent more duty or 45 per cent ad valorem.

We ask that the rate of duty on imitation precious stones, cut or faceted, suitable for use in the manufacture of jewelry and similar articles, be fixed at 20 per cent ad valorem. These stones are not made in this country, never have been made here, and, in our judgment, can not possibly be made here. They are manufactured in Europe by secret processes which have been handed down from generation to generation, and such a high degree of skill

obtains in their making that American producers have never been able to compete with the foreign-made article. We do not understand that it is the purpose of the Congress to attempt to protect an industry which does not exist, especially when the net result of such a policy will result in a great hardship to an American industry which already exists and is furnishing employment to many thousands of American artisans.

We also request that imitation half pearls and hollow and filled imitation pearls of all shapes without holes or with the hole partly through shall be made dutiable at 20 per cent ad valorem. Imitation pearls of this variety can not be made in this country, but are a necessary raw material of the manufacturing jewelers. The 20 per cent rate that we request for these half pearls and hollow or filled pearls without holes or with holes but part way through is not, as is shown in the proposed amended paragraph here, suggested for the solid or indestructible pearl made of fusible enamel.

We have, as importers of imitation precious stones and imitation pearls, conferred with the officers and tariff committee of the Association of American Manufacturers of Imitation Pearls and Specialties in Fusible Enamels relative to paragraph 1429 of H. R. 7456, and the two bodies have agreed upon the changes which in their best judgment should be made in the paragraph in the interest of American business and American wage earners. The said Association of American Manufacturers of Imitation Pearls and Specialties in Fusible Enamels, which presented a brief to the Ways and Means Committee of the House of Representatives on February 8, 1921, asking for adequate protection for the product of their members, recognizes that paragraph 1429 of H. R. 7456 imposes an unfair rate of duty on certain imitation stones and imitation pearls not made in this country, but used in the manufacture of American jewelry, and therefore concur in the following proposed substitute for paragraph 1429, which we hereby respectfully recommend to your honorable committee as a stone paragraph which will afford adequate protection to the members of the Association of American Manufacturers of Imitation Pearls and Specialties in Fusible Enamels and at the same time make it possible for the American manufacturers of jewelry and manufacturers of combs and celluloid novelties to whom we sell our merchandise to obtain their raw material at a price which will not be prohibitive:

"Diamonds and other precious stones, rough or uncut, and not advanced in condition or value from their natural state by cleaving, splitting, cutting, or other process, whether in their natural form or broken, any of the foregoing not set, and diamond dust, 10 per centum ad valorem; pearls and parts thereof, drilled or undrilled, but not set or strung; diamonds, coral, rubies, cameos, and other precious stones and semiprecious stones, cut but not set, and suitable for use in the manufacture of jewelry, 20 per centum ad valorem; imitation precious stones, cut or faceted, imitation semiprecious stones, faceted, imitation half pearls and hollow or filled imitation pearls of all shapes without hole or with hole partly through only, 20 per centum ad valorem; imitation precious stones, not cut or faceted, imitation semiprecious stones not faceted, imitation jet buttons, cut, polished, or faceted, 45 per centum ad valorem; imitation solid pearls wholly or partly pierced, mounted or unmounted, 45 per centum ad valorem."

(Submitted by Albert Lorsch & Co. (Inc.), H. Nordlinger's Sons (Inc.), John F. Allen, L. Heller & Son (Inc.), Nathan Kaufman Co., William H. Shackleford.)

BRAIDS AND TRIMMINGS.

[Paragraph 1430.]

STATEMENT OF ALBERT S. WAITZFELDER, BROOKLYN, N. Y., REPRESENTING BRAID MANUFACTURERS' ASSOCIATION.

Senator McCUMBER. Mr. Waitzfelder, will you state your full name and address and tell us whom you represent?

Mr. WAITZFELDER. Albert S. Waitzfelder; address 30 Main Street, Brooklyn, N. Y. I represent the Braid Manufacturers' Association, New York City.

In our industry there are employed approximately 35,000 people, and there is about an equal number in the industries subsidiary to

ours. We manufacture braids and trimmings from various materials, principally from artificial silk and from metal threads. Our raw materials are covered in the various textile schedules. Our finished products are covered in the sundry schedule—Schedule 14—paragraph 1430. That provides for braids made of any material whatsoever, whether silk, cotton, worsted, artificial silk, or metal threads.

Senator SMOOT. Braids fall in paragraph 1208, do they not?

Mr. WAITZFELDER. Paragraph 1430, in the sundry schedule.

Senator SMOOT. You are interested only in braids?

Mr. WAITZFELDER. Braids and trimmings made from all materials; yes, sir.

Braids are manufactured principally from two materials—artificial silk and metal threads.

In paragraph 1430 of the Fordney bill braids are assessed at 45 per cent ad valorem.

For the purpose of enabling your committee to decide upon the proper protective rate, we have submitted actual samples of these goods made in Germany, with the original price list, the samples being in possession of the Ways and Means Committee, and have embodied figures on foreign and domestic costs of these braids, which we will submit to your committee.

The difference in labor cost between these goods made in Germany and those manufactured in the United States is very great. According to the report of wages in the Barmen manufacturing district of Germany, which is the largest braid manufacturing district in the world, the price paid for skilled male labor is equivalent, at the present rate of exchange, to 3.1 cents per hour. The price paid for skilled female labor in the same district is equivalent to 2.3 cents per hour. In this country the wages for similar labor is for males 50 cents per hour and for females 35 cents per hour.

Senator SMOOT. Will you please state what you desire?

Mr. WAITZFELDER. Yes.

Senator SMOOT. What changes do you desire?

Mr. WAITZFELDER. I will come to that presently. In these goods the labor cost is about 60 per cent of the total cost. The samples of these foreign braids which we have submitted show that the average selling price per pound in Germany is equivalent to $3.42. The cost made in the United States, of the same braids, is approximately $8 per pound, being a difference of $4.60 a pound. To cover this difference based on the American cost would require approximately 60 per cent ad valorem. On braid made from metal threads——

Senator SMOOT. Give the foreign value. Have you that figured out?

Mr. WAITZFELDER. On the foreign it would be the same difference of $4.60 per pound on the foreign cost of $3.40 per pound.

Senator SMOOT. The foreign cost is what?

Mr. WAITZFELDER. $3.40 per pound, and the domestic cost is $8 per pound.

Senator SMOOT. That would be what?

Mr. WAITZFELDER. Approximately 150 per cent on the foreign value.

Senator SMOOT. So you want about 150 per cent?

Mr. WAITZFELDER. That is what the difference represents at the present cost, due to the tremendous difference in the cost of labor

and the large percentage of the total cost which is labor cost, and after allowing for the duties on our raw materials.

On braids made from metal thread, the foreign cost is $1.54 per pound and the domestic cost $4.05 per pound, there being a difference of $2.51 per pound, which would show approximately the same percentage that is necessary to cover the difference so that the braids made in the United States can compete.

Senator SMOOT. What is the foreign cost?

Mr. WAITZFELDER. Do you mean of braids made from metal thread?

Senator SMOOT. Yes.

Mr. WAITZFELDER. $1.54 per pound.

Senator SMOOT. And the American cost?

Mr. WAITZFELDER. $4.05 per pound. $2.51 per pound is the difference.

I might also state for the consideration of the committee that our industry strongly favors duties being based on the American valuation, that being, in our opinion, the most practicable way to deal with existing conditions, in view of the unequal depreciation in foreign currencies. That would eliminate, we think, the evil of the present method, which results in having higher duties on the higher cost producing countries and lower duties on the lower cost producing countries, whereas, basing them on the American valuation, they would all pay the same rate of duty. Our industry is unanimously in favor of the method proposed in the Fordney bill, of having ad valorem rates based upon American valuation.

Senator MCLEAN. Will you state the condition of your industry to-day?

Mr. WAITZFELDER. I have not stated it, but I might for the benefit of the committee. I might say that to-day the industry is working at less than 50 per cent of its capacity; that large orders are being placed by American buyers in Germany because they are able to land goods at very much less than they can be produced and sold for in this country.

Senator WATSON. What have the imports of this particular product been during the last 10 months?

Mr. WAITZFELDER. That is difficult to say. They are covered in various paragraphs and they are included with other articles which we do not manufacture. I can say that imports are increasing rapidly, and unless this industry is relieved through an adequate duty a large number of the people at present employed therein will be thrown out of employment. The industry can not survive unless it is put on a parity with foreign competitors. We do not desire prohibitive rates; we simply desire rates that will enable us to produce goods in competition with prices at which they can be imported. Braids are luxuries and, therefore, ideal revenue producers. They are used for purposes of adornment. Their use depends upon fashion. In certain months of the year our machinery is idle, due to the whims of fashion. No one will be injured by adequate duties thereon except the foreign manufacturers.

Senator MCLEAN. Is it a new industry?

Mr. WAITZFELDER. No; it has been in existence for a great many years. It has had its ups and downs. During Republican admin-

istrations, when we had the adequate duties, it was fairly prosperous. When the duty has not been adequate, it has been very hard sledding.

If there are any other questions, I shall be very glad to answer them. If not, I should like to submit my brief to the committee.

Senator McCUMBER. We are very much obliged to you.

BRIEF OF ALBERT S. WAITZFELDER, BROOKLYN, N. Y., REPRESENTING THE BRAID MANUFACTURERS' ASSOCIATION.

In paragraph 1430 in proposed bill braids are assessed at 45 per cent ad valorem (on p. 163, line 1). Braids are manufactured principally from two materials, artificial silk or metal threads.

BRAIDS MANUFACTURED FROM ARTIFICIAL SILK.

We submitted to the Ways and Means Committee of the House of Representatives, under date of April 21, 1921, a brief, accompanied by samples of German braids; also original price list. This price list showed that the foreign selling price of these braids was $3.40 per pound, as follows:

Article No.	Foreign selling price, per ligne.	Weight per ligne.	Foreign selling price, per pound.
	Cents.	*Ounces.*	
3059	31	1.4	$3.54
3060	21	1	3.36
3061	52	2.63	3.18
3063	31.5	1.4	3.60
Total			13.68
Average per pound			3.42

The duty assessed upon artificial silk yarn, under the proposed bill (Schedule 12, par. 1215) is 23 per cent ad valorem. At present American value of $2.75 per pound, this amounts to 63 cents per pound.

The cost of domestic, as compared with the above landed cost of foreign artificial silk braids, would be as follows (in American braids the material consumed averages about 40 per cent of the total cost):

	Domestic.	Foreign.
Cost of artificial silk yarn per pound	$2.75	$1.90
1 pound braid takes 1¼ pounds yarn	.45	.32
Cost of material, 1 pound braid (40 per cent of total domestic cost)	3.20	2.22
Cost of conversion (60 per cent of total domestic cost)	4.80	1.18
Total cost per pound	8.00	3.40

Difference, $4.60 per pound.

At 45 per cent duty on American value, duty would be only (45 per cent on $8) $3.60 per pound.

To cover the difference of $4.60 per pound, the duty should be 60 per cent ad valorem (on the American value), which is the rate we request. If duty on artificial silk yarn should be increased, proportionate increase is necessary.

BRAIDS MANUFACTURED FROM METAL THREADS.

The rate assessed upon metal threads (Schedule 3, par. 382) is 10 cents per pound and 35 per cent ad valorem. Present foreign value of 7s. metal thread, which is the principal size used in braids, is $1.75 per kilo, equivalent to 80 cents per pound.

The cost of domestic as compared with the landed cost of foreign braids made from metal threads would be as follows:

	Domestic.	Foreign.
Cost of metal threads per pound (duty per pound, 10 cents)	$0.80	.....
35 per cent on domestic value=54 per cent on foreign value (80+10=90), 49 cents.	.59	.....
Landed cost per pound of metal thread	1.39	$0.80
1 pound braid takes 1⅙ pounds metal threads	.23	.13
Cost of material, 1 pound braid (40 per cent of total cost)	1.62	.93
Cost of conversion (60 per cent of total cost)	2.43	[1] .61
Total cost per pound	4.05	1.54

[1] One-fourth domestic.
Difference, $2.51 per pound.

At 45 per cent duty on American value, duty would be (45 per cent on $4.05) $1.82 per pound.

To cover the difference of $2.51 per pound, the duty should be not less than 60 per cent ad valorem (on the American value).

In Schedule 3, paragraph 382, the duty proposed on woven fabrics, fringes, and tassels made from metal threads is 55 per cent ad valorem. The duty required on braids is at least as much as that required on these articles, as the difference in conversion costs is fully equal.

We therefore respectfully request that the rate on braids in paragraph 1430 be changed from 45 per cent ad valorem to 60 per cent ad valorem, so that the domestic braid industry may be able to compete with the foreign manufacturers.

In paragraph 1430, page 162, line 15, a comma should be inserted after the word "braids," same as in present tariff.

In paragraph 1215, page 137, line 9, the compensatory duty on fabrics and articles composed wholly or in chief value of artificial silk yarns should be 70 cents per pound (instead of 45 cents per pound.)

Duty on the artificial silk yarn is 23 per cent on American value of $2.75 per pound, which equals 63 cents per pound. One pound of goods requires 1⅙ pounds yarn, making 70 cents per pound necessary to compensate for duty on the yarn. If artificial silk yarn duty is increased, proportionate increase is necessary.

Wages paid per hour in the Barmen district of Germany, which is the largest braid manufacturing district in the world, are for: Males, 5.15 marks per hour, which at six-tenths cent per mark=$3\frac{1}{10}$ cents; females, 3.90 marks per hour, which at six-tenths cent per mark =$2\frac{3}{10}$ cents. (See Research Report No. 40, issued August, 1921, by National Industrial Conference Board, p. 70.)

In this country the wages per hour for similar labor are: Males, 50 cents per hour; females, 35 cents per hour.

EMBROIDERIES AND LACES.

[Paragraph 1430.]

STATEMENT OF CHARLES A. BIHLER, WEST NEW YORK, N. J., REPRESENTING UNITED STATES LACE AND EMBROIDERY MANUFACTURERS' ASSOCIATION.

The CHAIRMAN. Will you state, for the information of the committee, where you reside?

Mr. BIHLER. My name is Charles A. Bihler. My address is 313 Eleventh Street, West New York, N. J.

The CHAIRMAN. What is your business, Mr. Bihler?

Mr. BIHLER. Manufacturer of laces and embroideries.

I represent the United States Lace and Embroidery Manufacturers' Association, of West New York, N. J., the American Schiffli Embroidery Manufacturers' Association, West Hoboken, N. J., and the Allied Lace and Embroidery Manufacturers, New York.

I do not suppose it is necessary to demonstrate the luxury of this article, but I have brought with me some samples so that you may convince yourselves of the type of luxury presented. These are all manufactured by me.

I want particularly to say that I am going to address myself to you with regard to paragraph 1430 and that part of paragraph 1403 relating to articles and fabrics made of beads and spangles.

The industry is probably very well known to all of you. I think, therefore, there is no need to state how many machines we have in this country. If you wish, I can do so. Nor do I think you care to know how many people we employ when we are running at full capacity. At the present time, however, I will say that we are 85 per cent idle, and there is no concern, of course, that can continue for any length of time at that rate.

Senator McCumber. Is that condition due to general depression or to importations from abroad?

Mr. Bihler. Chiefly by reason of importations. The embroidered laces can be obtained from Germany at lower costs than they can be produced here.

Senator McCumber. Are they being so obtained?

Mr. Bihler. Yes; they are.

Senator La Follette. How extensively?

Mr. Bihler. I will submit that in my brief, if you will permit me.

When we were before the Ways and Means Committee last February, I told them that they could leave embroideries alone. The conditions in Switzerland were such that an increase would not have been justified then, although we could not make all classes of embroideries. Since then Switzerland has reduced her labor costs to the point where they have reached the 1913 level, and they have reduced the stitch rates approximately 20 per cent.

Senator La Follette. What is the evidence of that?

Mr. Bihler. It is the promulgated stitch rate basis of the special Treasury Department agent in St. Gall, Switzerland.

Senator La Follette. That is since you were before the Ways and Means Committee?

Mr. Bihler. Yes.

I have submitted also in this brief labor compensation for similar work or like work done in the United States, Germany, and Switzerland. I will give you some of the figures so that you can get your own impression of that.

The skilled stitcher in the United States receives from $42 to $50 per week for a week of 47 working hours. In Germany the same kind of worker receives from four to five hundred marks, which is from $2 to $2.50.

In Switzerland the same man receives 50 francs, which, at 19.3 cents, equals $9.65. The Swiss have, however, increased their working hours to 50 per week.

Similar conditions exist with other auxiliary help, like the watchers, for instance.

In America, for instance, the rate is $17 to $24 per week; in Germany, $1.25 to $1.50; in Switzerland, $4.83.

The shuttler in America receives $13 to $14.50; in Germany, $1; in Switzerland, $3.86.

Menders receive, in America, $23 to $25; in Germany their pay is equal to $1.25 to $1.75; in Switzerland, $5.40.

Punchers in America receive from $50 to $60 per week; in Germany, $3 to $4 per week.

Senator McCUMBER. What is that last one?

Mr. BIHLER. The punchers. That means the card puncher. In Switzerland they receive——

Senator McCUMBER (interposing). You pay for that about $250 a month?

Mr. BIHLER. We pay for that all the way from $220 to $260 or $270. There are exceptions to that, of course, but that is about the average.

Our industry is located in 14 different States. The increase in working hours that the Swiss have brought about recently leads us to believe that, in competition with the Germans, they will increase them still more.

Senator SMOOT. Are you asking for a greater per cent than that provided for in paragraph 1430?

Mr. BIHLER. We are asking to include embroideries in that portion of 1430 which represents laces, because embroideries are sadly in need of the percentage that the laces need. We will demonstrate that with about 90 samples that we will submit with our brief, showing the calculations on these goods manufactured abroad, on which we need 55 per cent ad valorem.

Senator SMOOT. As I understand it, you want embroideries transferred to the paragraph providing for 45 per cent under the head of laces, and then that 45 per cent you want changed to 55?

Mr. BIHLER. Yes, sir.

Senator McCUMBER. What did you say a puncher of cards gets in Germany?

Mr. BIHLER. From 600 to 800 marks.

Senator McCUMBER. Per month?

Mr. BIHLER. Per week.

Senator McCUMBER. That is how much per month?

Mr. BIHLER. $13 to $17.50.

Senator McCUMBER. An average of about $15 per month?

Mr. BIHLER. Yes, sir.

Senator McCUMBER. And you pay for the same class of work from $230 to $270?

Mr. BIHLER. Yes, sir.

Senator McCUMBER. And you want protection sufficiently high to allow you to maintain the wage scale for a puncher at $260 per month as against the German rate of $15 per month?

Mr. BIHLER. Yes, sir; even that rate will not sufficiently take care of us.

Senator McCUMBER. How is that?

Mr. BIHLER. I say the rate of duty that we are asking will not sufficiently take care of us. We are relying on our being on the ground and the fact that we shall be able to make delivery more quickly than the importer will be able to make it.

Moreover, I should like to call your attention to the fact that for the past 25 years they have imported embroideries and embroidered laces from Switzerland on consignment, based on a cost of produc-

tion promulgated by the consular agent in St. Gall, under certain prescribed additions for profit and expenses, under the claim that it was practically impossible to ascertain selling prices in Switzerland. We claim it was possible at all times to ascertain selling prices in Switzerland, and that theirs was an improper claim.

Senator SMOOT. You have a brief, have you?

Mr. BIHLER. Yes, sir; I will have.

Senator SMOOT. You can put that in the record.

Mr. BIHLER. The embroidered lace industry was mainly built up during the war, because laces did not come in from Germany. We have furnished to the American consumer upward of $25,000,000 of lace per annum during the war. We originated our own designs and our own novelties.

The importers have claimed that it is unsafe to take the American valuation because their latest novelties would be disclosed. They can find ready relief in the patent law.

We have done so in hundreds and hundreds of instances.

I want to call your attention to something further. We are, of course, working under the laws which Congress deemed wise with regard to contract labor. We are not pleading that these laws should not be. We have State laws limiting the hours of labor, particularly with regard to our female workers. We think that you should not tie our hands and send us into competitive warfare with Europe unless you equalize conditions. If you do not do something for us along the line of protection which will equalize those conditions, there will be bankruptcy prevailing in very many cases.

There is no man in our industry that I know of who is making any money this year. I know that so far as I am personally concerned I am losing a lot of money. I can not afford to continue to do it. I can not, under present conditions, find a buyer for the mill or factory that I have. I can only sell it to the junk man.

We are not pleading for something that is unfair. We are pleading for a continuation of our existence. The importer is pleading against the American valuation, having in mind the possibility of reaping inordinate profits such as he has gathered in the past.

Senator SMOOT. You want 55 per cent ad valorem on the American valuation plan?

Mr. BIHLER. Yes, sir.

Senator SMOOT. And what do you want on the foreign valuation?

Mr. BIHLER. The equivalent.

Senator SMOOT. What is the equivalent?

Mr. BIHLER. Around 115 per cent.

Senator SMOOT. One hundred and fifteen per cent.

Mr. BIHLER. Yes, sir.

To prove my contention, there are several importers here on a committee. One of them owns a factory in Austria. He would surely manufacture in the United States if he saw the slightest advantage to himself in manufacturing over here.

There is another gentleman on that committee who not very long ago sold his factory here. For what reason? That is the best proof that we are not properly protected. We must have protection if we want to continue our existence.

Senator LA FOLLETTE. What do you produce in your own mill?

323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, and exhibits of embroideries 102, 112, and 116, with detailed cost figures if imported from Germany or Switzerland, and we have also stated thereon our cost and selling figures of identical or comparable goods made in the United States.

REASONS FOR RECOMMENDATION.

The comparison of these figures will show that if a 55 per cent duty on American wholesale selling price is imposed it will permit the foreign manufacturer to undersell us from 6 per cent to 47 per cent. Our advantage, however, in being able to make prompter deliveries will, we believe, enable us to compete with the foreign manufacturers.

On the other hand, neither the foreign manufacturer nor the domestic manufacturer would be able to charge exorbitant prices because of the balanced competition. We offer the following reasons for the adoption of the American valuation plan as also the increase in duty:

1. The very large difference between our labor costs and those which obtain in Switzerland and Germany. We have appended a comparison table of labor costs of the three countries.

2. Embroideries and embroidered laces are of the highest type of luxuries. They are never even essential to conventional use. A high duty can, therefore, be imposed for the reason that such a tax would be a tax deliberately self-imposed by the purchaser of such articles and as such would be the least objectionable form of taxation. If the entire revenue needed by the Government could be obtained through the imposition of high rates of duty on a few imported luxuries, one would have found the most ideal form of taxation. It is logical to carry out this idea to the fullest extent possible by collecting from embroideries and embroidered laces the maximum amount of duty.

3. Since last February the conditions in our industry have become very much worse, owing to European competition. There has been a great fall in the value of German and Austrian exchange. Besides the Swiss manufacturers, through greatly reducing their labor costs and increasing the hours of labor, have again entered the market as competitors with Germany and Austria. Since August 1, 1921, the date set by the Treasury Department for investigation of American valuation, the Swiss have reduced their labor costs to prewar levels. It is more than probable that they will further reduce their labor because of these conditions, hence our request for a 55 per cent duty on the American wholesale selling price has become a reasonable one.

4. There are approximately 900 manufacturers engaged in the embroidery and embroidered-lace industry in the United States. Most all are working in keen competition with one another. As the variety of patterns or designs is enormous, it would be next to impossible for them to have any understanding in relation to the regulation of prices. Each manufacturer fixes his prices according to his own judgment.

5. Our industry is carried on in the following States: California, Connecticut, Illinois, Maine, Maryland, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee. Thus reasonable protection would assist all sections of our country.

6. During the last 25 years almost all of the Swiss-made embroideries such as we manufacture have been consigned to this country (not sold). Their value has been determined according to a method of calculation based on what is termed the stitch rate, overhead charges, expenses, profit, etc.; thus they arrive at a so-called foreign value. The disadvantage of this is that many of the expenses were not properly allowed for; consequently, the Government lost quite a percentage of duty. This was done as there was no way of compelling the foreign manufacturers to furnish the correct foreign sales price, but the importers knew what the foreign sales prices were, because they could not have arrived at their purchasing values otherwise. The Government has lost millions of dollars in duties because of this fraud practiced by the importers.

The importers know very well that our Government (as they will have access to the books of domestic manufacturers) will be able to determine what is the wholesale value, and as soon as this act becomes a law they will present plans to make sure of only the lowest wholesale value being accepted for the purpose of assessing duty.

We recommend the following phraseology for the paragraph covering our manufactures:

"Laces, embroideries, lace window curtains, handkerchiefs, napkins, wearing apparel, and all other articles or fabrics of lace, or made wholly or in any part, however small, of lace or imitation lace, embroidery, or applique of any kind, and all articles,

fabrics, or wearing apparel embroidered, beaded, spangled, appliqued, tamboured, or scalloped in any part or in any manner, however small, by hand or machinery, or from which threads have been omitted, drawn, punched, or cut, and with threads introduced after weaving, to finish or ornament the openwork, not including plain straight hemstitching, edgings, insertings, galloons, nets, nettings, veils, veilings, neck rufflings, ruchings, tuckings, trimmings, allovers, flouncings, flutings, quillings, ornaments, ribbons ornamented in the process of weaving, braids loom woven and ornamented in the process of weaving, or made by hand, or on any braid machine, knitting machine, or lace machine, and all articles composed in any part, however small, of any of the foregoing fabrics or articles, all the foregoing commencing with the first word of this paragraph (except plain gauze or plain leno-woven cotton net or nettings, and the plain materials and articles specially provided for in paragraphs 919, 1006, 1403, 1404, 1406, and 1424 of this act, when not advanced further in manufacture by processes mentioned in this paragraph), by whatever name known and to whatever use applied, and whether or not named, described, or provided for elsewhere in this act, when composed wholly or in part of yarns, threads, filaments, tinsel wire, lame, bullions, metal threads, spangles, or beads, 55 per cent ad valorem (to be assessed on the prevailing wholesale selling prices in the United States)."

A reason for establishing one rate for both embroidery, laces, spangle and beaded work is as follows: Embroidered laces, of which a very large quantity are imported principally from Germany, are in their first stages embroideries, which is evident upon reference to Exhibit 503. By a chemical process the foundation is destroyed, which transforms the embroidery into a lace.

The most expensive laces sold, with the exception of the fine classical styles of handmade needle or bobbin laces, are to be found in this class of lace, and the duty of 55 per cent will not protect sufficiently the expensive articles made of this kind of lace, and will not be excessive on fine embroideries. The cheap embroideries which can easily be made by any manufacturer will, because of the keen competition, be sold practically without profit in this country.

Relative to the beaded and spangled goods being included in this paragraph, we have to say that the verbiage in the law of 1913, paragraph 333, specified articles composed wholly or in chief value of beads or spangles. Such qualification is the very opposite of what it should be. There is a greater proportion of expensive handwork in attaching beads or spangles to fabrics when the articles are not literally covered with beads and spangles in continuous lines. The labor in Europe as well as here of sewing the beads or spangles in almost all cases greatly exceeds the cost of the beads or spangles. They should have said that when the addition of beads and spangles increased the selling value of the article beaded or spangled to the extent of more than 25 per cent then the duty should be imposed.

The further mistake was made of saying in chief value of "beads or spangles," instead of "beads and spangles," as practically few articles would consist entirely of beads or entirely of spangles; thus the material combined with either beads or spangles being of chief value caused the article to be classified under some other paragraph. We give the imports of beaded and spangled articless, etc., under paragraph 333. Beaded and spangled goods are the very highest type of luxury, and if included in this paragraph will probably bring the Government several million dollars revenue, except they should be unfashionable, and fashion alone dictates their use. The cost in Europe as compared to the cost here is so trifling that a duty of 66⅔ per cent on the wholesale value here would not seriously curtail their importation.

By adopting the language as we suggest, "articles made wholly and in part of beads or spangles," the Government will receive a much greater revenue from this class of luxuries.

IMPORTS OF BEADED AND SPANGLED ARTICLES.

Under paragraph 333: 1918, $506,512; 1919, $2,143,177; 1920, $4,575,352; 1921 (6 months only), $1,751,153.

The above figures speak for themselves, considering that a very large quantity of beaded and spangled articles were classified under other paragraphs, because the language of the tariff law of 1913 covered only a very small portion of the beaded or spangled articles and fabrics.

The continuous fall in the costs of foreign production, especially since last February, has forced the domestic manufacturers to operate at 25 per cent capacity or even less, with great pecuniary loss. The enactment of a favorable tariff bill that will meet these unprecedented conditions can alone save a large number of manufacturers from their impending bankruptcy.

Dutiable imports during calendar years 1918–1921 are published by the Department of Commerce as follows:

Under paragraph 358: 1918, $17,663,922; 1919, $27,896,676; 1920, $42,192,152; 1921 (6 months only), $17,136,655. Laces and embroideries included therein: 1918, $13,293,390; 1919, $20,692,206; 1920, $35,097,130. Later figures we have not been able to obtain.

The foregoing figures indicate that in two years imports of laces and embroideries almost tripled, while our home industry has come to almost complete stagnation.

If you will add to the above figures imports that came in under paragraph 258 at 35 per cent instead of under paragraph 358 at 60 per cent, as they should have paid, you will get larger amounts and more correct statistics.

The policy of our Government, for which we have every commendation, is to protect labor, so as to greatly increase their comfort and earnings. With this in view, our contract-labor law and laws restricting immigration have been passed.

If the duty is to be retained at the low percentage of to-day, the domestic industry will be destroyed and the United States Government will receive less revenue, while the consumers will pay more for their embroideries or embroidered laces than if the change which we advocate is made, because of the balanced competition between Europe and here. The reasons for this are obvious. There are about 900 manufacturers of embroideries and embroidered laces in the United States who compete keenly with one another.

On the other hand, in many cases the importers will demand profits on foreign goods exceeding 100 per cent when they are of a class which can not be made profitably by domestic manufacturers. In other words, with the proper duty imposed the importer and foreign manufacturer will in a great measure pay the duty and not the consumer.

The duty imposed on a basis of wholesale domestic value will furnish a means of obtaining for the Government, in the way of duty, a large portion of the exorbitant profits which the foreign manufacturer or importer might extort otherwise.

We maintain that, as all articles made in this industry are luxuries, there is no objection to advancing the rates for purposes of revenue.

An advance in the cost of luxuries as contrasted with the cost of necessities of life does not increase the cost of labor.

There is no pyramiding effect in the cost of labor through the imposition of taxes on high luxuries; but there is still another phase which is a potent reason for the maintenance of the industry in the United States—it is a matter of fact that through inventions made in the United States the cost of embroideries and embroidered laces have been materially reduced all over the world.

Whatever that is, so long as there is competition between the domestic manufacturer and the foreign manufacturer that economy will figure in the lower cost of such products to the consumer.

It is for the Government to determine whether or not to crush out this industry, which afforded a livelihood to more than 25,000 people employed in it, through not advancing the duties or to so far equalize conditions that the existence of the industry here is further possible.

In order to fix the same duty on French, English, Swiss, Italian, and German goods, which is a matter of fairness, the American valuation is essential.

Merchandise from all these countries would then pay exactly the same duty on similar articles.

On the other hand, if a straight ad valorem rate on the foreign value is used, countries having a higher cost than Germany, would be discriminated against, if a tariff on foreign value should be provided on paragraph 1430, an increase of 50 per cent of imposed rates, that would afford protection in all known instances, would not afford protection against imports from Germany.

If American valuation as a basis for the rate of duty imposed on paragraph 1430 will be used, which we urgently recommend as the only effective means of balanced protection, we submit the importers will doubtlessly establish new American wholesale selling prices by having imports of their merchandise sold to them by agents appointed by themselves and selling such merchandise at an advance of only 5 per cent or less over foreign cost plus duty and landing charges, thus establishing much lower price levels than are now indicated by them on samples submitted to the American-valuation investigators chiefly through the importers' own selections. Thus, if you refer to exhibit 320 and exhibit 320A, they will show how importers will be able to establish new and materially lower selling prices than have existed for 30 years in the United States, for purposes of paying duties.

STATEMENT OF LEMUEL J. FRANCE, NEW YORK CITY, REPRESENTING THE LACE AND EMBROIDERY ASSOCIATION OF AMERICA.

Mr. STERN. Since the lace industry covers such a wide field, and having in mind the instructions of your chairman and his suggestion that it would be impossible to hear many witnesses along the same lines, we have tried to limit the number of our witnesses as far as possible. Consequently, we appear as a committee of three, composed of Mr. Max Neuburger, who is a skilled specialist on embroideries; Mr. David E. Schwab, who is an expert on laces; and Mr. L. J. France, who was formerly an examiner in the United States appraiser's office at the port of New York and who is now a merchant importing laces and embroideries.

I request that you hear this committee, and now present Mr. L. J. France, who will make a statement on behalf of the Lace and Embroidery Association of America (Inc.).

Mr. FRANCE. I appear on behalf of the Lace and Embroidery Association of America, many of whose members manufacture in this country as well as import laces, embroideries, and kindred lines of merchandise, and many more of whom handle domestic lines of such merchandise on a large scale as selling agents and distributors for American mills. The dealings of the association's members include fully 90 per cent of all this kind of merchandise imported at the port of New York.

Because of the wide range of articles covered by the lace and embroidery paragraph and because we are chiefly interested in laces and embroideries alone, I shall confine my remarks to-day to those two principal items.

Laces are imported into this country principally from France, Switzerland, Great Britain, Germany, and to a lesser extent from other countries. They include, as you know, a wide variety of styles and patterns, both in machine-made and hand-made goods, ranging from the simplest kind of cotton laces which sell for a few cents per dozen yards to the more elaborate and expensive styles. The bulk of laces imported are machine-made and are chiefly the product of the so-called Lever machine or the Schiffli machine.

The Lever machine goods originated in England many years ago. A similar industry was started in this country shortly before 1909. Since 1909 the industry in this country grew very rapidly until there were 44 domestic plants established by 1919. The establishment of our own Lever machine lace industry has as a consequence supplied the demands of this country for many articles of this character which were previously made in England and France. In fact, as statistics will show, it has practically shut out importations of such goods from England and has caused a substantial reduction in the imports from France.

The Schiffli machine, which produces so-called burnt-out laces and oriental laces, has also become a factor in this country. That branch of our domestic lace-making industry has also made remarkable headway since 1909.

Embroideries are imported principally from Switzerland, smaller quantities coming from Germany and Italy. The embroideries from Switzerland are also produced on the Schiffli machine and come in a

great variety of patterns, styles, and widths, from the simple, narrow kind to the wider and more elaborate selections.

To give you some idea of the progress made in this country by the Schiffli machine embroidery industry, let me cite a comparison of the total exports of such goods from Switzerland to the United States and England for the years 1911, 1916, and 1919. In 1911 Schiffli machine embroideries exported from Switzerland to the United States amounted to 78,000,000 Swiss francs. In the same year Switzerland exported to Great Britain only 45,000,000 Swiss francs worth of such embroideries. During the following five years the exportations of that class of goods from Switzerland to the United States steadily diminished until in 1916 they amounted to only 32,000,000 Swiss francs. Such exportations to Great Britain on the other hand in 1916 had increased to 75,000,000 francs. In 1919 the figures for the United States were only 9,000,000 francs while for Great Britain they were 61,000,000 francs.

These figures were taken from the records of the Swiss consulate at New York City, and, although the steadily diminishing imports into this country were in part attributable to the change of fashion and a smaller demand for the goods here, nevertheless the decrease was chiefly due to the growth of our own American industry. In this connection your attention has probably been called to the number of Schiffli embroidery machines which are now idle in this country. While that unfortunate condition does undoubtedly exist at the present time, it is well to remember that the same conditions exactly exist in Switzerland to-day, and that the lack of business in both countries is in no sense due to foreign competition but rather to the change of fashion and general economic causes. Switzerland, as you know, is in very much the same situation as the United States. She has suffered no appreciable depreciation in her currency, which has remained close to par during the trying postwar period and is to-day actually selling at a premium over the American dollar.

Wages and living costs there have increased to approximately the same extent as in this country. She has her minimum wage scales the same as we, and the working hours of her industries are equally as favorable to labor as are our own. In fact she has been far more liberal in the treatment of her laboring classes than has America, inasmuch as the working man in that country receives a substantial part of his wages during the periods of unemployment. As a result of these conditions, Swiss embroidery costs to-day are very much higher than prewar costs.

We have prepared a tabulation showing the total importations of laces and embroideries, including both machine-made and hand-made goods, imported into the United States from the chief countries which produce them, namely, France, Switzerland, England, Germany, and Italy. In compiling this statement we have included the figures for the years 1912 and 1913—the last two years of the Payne-Aldrich Tariff Act—1914 and 1915—the first two years of the Underwood Tariff Act and the full calendar year 1920. Our figures used in this table were copied from the Department of Commerce reports for the years mentioned. I shall not attempt to read them, knowing that your committee will examine the statement carefully.

We have also prepared for the information of your committee a second tabulation showing a like comparison of similar imports from

the same countries for the 10 months ending October 31 of last year and for the same period of this year. These figures were also copied from the Department of Commerce reports. I shall not undertake to read these either; but, inasmuch as these current figures indicate the trend of importations whether upward or downward, I just want to say that they show a reduction rather than an increase in the values of such importations for the present year as compared with the same period of last year.

Senator LA FOLLETTE. In view of the fact that prices or values of these articles have increased, that would indicate a much greater falling off in quantity, would it not?

Mr. FRANCE. Where prices have actually advanced that would be true, but it is not true that they have actually advanced in all cases. There have been cases where they have declined, as is always true with respect to articles of fashion. Even in the case of laces and embroideries imported from Germany, about which country you have heard so much during the progress of these tariff hearings and which is alleged to be the principal source of danger to American industry, the official figures show that the quantity in yards of laces and embroideries imported during the current year was only 15 per cent more than the quantity imported during the same period last year.

With regard to the rates of duty formerly and now provided for laces and embroideries, you will recall that under the Dingley Act of 1897 laces and embroideries were dutiable at a uniform rate of 60 per cent on foreign value; under the Payne-Aldrich Act of 1909 also laces and embroideries, with the single exception of such laces as were made on the Lever or go-through machines, paid a duty of 60 per cent; and the same rate, 60 per cent, was continued in the Underwood tariff act of 1913. The Lever machine and go-through machine laces, which were treated separately under the Payne-Aldrich Act, paid a duty of 70 per cent, the purpose of the higher rate being to encourage the upbuilding of the Lever lace industry in this country, which at that time had just been started. As a further incentive to that end, Congress under the same act also allowed the free importation of so-called Lever machines for a short period.

From this it will be seen that, with the one exception mentioned, for the past 24 years neither laces nor embroideries have ever paid a higher rate of duty than they are now paying. For that matter, so far as our knowledge goes, they never paid a higher rate under any of the earlier tariff acts prior to 1897. We may say further that the 60 per cent rate on laces and embroideries in the present tariff act is the highest ad valorem duty now provided for any line of merchandise. Surely then there is no adequate reason at this time, when we are not confronted with larger importations of this class of merchandise, to impose a greater tariff burden on these lines.

The imposition of a greater duty now will, we believe, be productive of two certain results. It will afford a somewhat greater protection against German goods but will at the same time seriously curtail, if not altogether shut out, importations from the countries lately allied with us in the war and from Switzerland.

Senator SMOOT. You are speaking now of the Fordney rates?

Mr. FRANCE. I was speaking of the present 60 per cent rate.

Senator SMOOT. You have no present 60 per cent rate.

Mr. FRANCE. I mean in the Underwood Act.

Senator SMOOT. Will you, in your brief, state what you want?

Mr. FRANCE. Yes; I will cover that later. If greater protection is needed because of the situation in Germany, surely there is no reason why the remedy to be applied should be of broader application than the source of the difficulty. The cure should not be worse than the disease. To meet the peculiar and, we believe, temporary economic conditions in Germany, on which so much stress has been laid in your committee's tariff hearings, why would it not be possible, and at the same time feasible, to provide for an additional duty, the size of which would depend on the extent of the depreciation of the currency in the country from which the goods were imported, or, in the case of indirect shipments, the country of origin? If such a duty were provided for and if it were further provided that such duty would be levied or not in the discretion of the Secretary of the Treasury, accordingly as he might find that American industry was being injured, or likely to be injured, by certain importations because of the depreciation in foreign currency, we sincerely believe it would prove a full and complete remedy for the present difficulty with Germany.

A provision of that kind would be closely analogous in its method of application to the provision for an antidumping duty enacted by Congress in title 2 of the emergency tariff act. It would at the same time give a certain flexibility to the tariff, as recommended by the President in his recent message to Congress, and all the while without encroaching upon the legislative functions of Congress by permitting the executive branch of the Government to fix rates of duty.

Such a provision, if surrounded by proper safeguards and applied on reasonable notice to the importer after an opportunity to be heard, could not be objectionable to any fair-minded citizen and would, we believe, furnish all the protection needed to meet emergency cases.

I do not believe any single rate of duty which you would write in the tariff would meet that condition all the way through.

Senator SMOOT. Would a 30-day notice be long enough?

Mr. FRANCE. Generally speaking, I should say yes.

We believe in a tariff that is just and fair and sufficiently high to guarantee to the domestic manufacturer a legitimate return on his investment and efforts. However, we also desire to express the wish and hope and belief that the law should be so framed that it will admit of easy administration from all angles. We have already gone on record as being utterly opposed to the American valuation of imports as a basis for the assessment of duties, and we have stated our reasons at some length. Without knowing what the ultimate decision of your committee will be on the subject of American valuation, however, we find it necessary to point out the impossibility of suggesting any proper rate of duty for laces and embroideries on that basis. The Fordney tariff bill, as you know, provides a duty of 45 per cent for laces and 37½ per cent for embroideries—both on Amer-

ican valuation. These rates, however, when reduced to equivalent percentages on foreign value, produce the most extreme and startling results. Not only do they greatly exceed the Payne-Aldrich duties on foreign value, but they are as widely different as the many kinds of laces and embroideries imported. On laces alone, for example, such duties are equivalent to from 123 to 218 per cent on foreign value.

A few moments ago you were called upon by one of the witnesses to look at samples in which were woven some gold and silver threads. A domestic manufacturer showed me a sample only a few days ago of similar merchandise which is made to sell at $6.50 per yard. It was an extreme novelty. Some of it did sell at the beginning at that price, but he had a big lot left over and he got for it 25 cents per yard. So you can readily see that some of these things may sell well at the start or at the beginning of the season, but later they may have to be disposed of at a very substantial loss.

During the hearings before the Committee on Ways and Means the chairman of that committee announced on many occasions that it was not the purpose of American valuation to increase the amount of duties above the level of the Payne-Aldrich Tariff Act. It is quite evident, however, and can readily be demonstrated, that the formula used by the committee on Ways and Means in reducing the rates of duty on foreign value to alleged equivalent rates on American value took into account only the foreign cost plus the duty and omitted the many other elements and factors which enter into the selling price of imported merchandise in this country. As a result the rates of the Fordney tariff bill, when applied to a value in this country, which includes such additional elements, works out to a much higher equivalent on foreign value than the Payne-Aldrich rates, which presumably they were intended to equal.

These additional factors entering into the selling price of imported goods in this country include not only ocean freight, insurance, and other expenses from the foreign country to the point of delivery in the United States, which items are fairly constant on all lines of laces and embroideries and are comparatively small; but also include all overhead expenses incurred in this country by the importer and the profits anticipated or realized in selling the merchandise here. These latter items, the importer's overhead expense and profit, are not by any means constant, but, on the contrary, are as different as the many kinds of laces and embroideries imported. They depend, indeed, not alone on the character of the merchandise imported but equally on the importer's method of doing business, the class of trade which he supplies, and the inherent risks in handling laces and embroideries, which are in all cases fashionable and seasonable articles, some perishable, too, and which may sell well to start with at the beginning of a season but ater have to be disposed of at a substantial loss.

As stated before, therefore, it is impossible for us to suggest a rate of duty for laces and embroideries based on American valuation which would be equivalent either to the present tariff rate or the Payne-Aldrich rate. In fact, to produce anything like an equivalent amount of duties on American valuation would entail subdividing the lace and embroidery paragraph into as many sections as might be

required to exhaust the infinite variety of laces and embroideries with a separate rate for each such subdivision.

We feel safe in leaving this troublesome question of American valuation to your consideration without further discussion, as you have already caused an investigation of the matter to be made under the supervision of the Treasury Department. Gentlemen, you know how long it has taken to gather that data. You know what efforts have been put forth and how many people have been necessary to get it. Think, now, of every importation coming in, and you will realize that you have the same condition to meet. These people have merely scratched the surface; they have not gone nearly the length or breadth of the subject by any means. It has been impossible. The whole thing is not feasible by any means. An examination of the schedules prepared and filed by the Government investigators should demonstrate unmistakably the point we are now endeavoring to make.

In conclusion we earnestly request your committee to retain the tried and proven system of foreign valuation as a basis for taking ad valorem duties, and further request the retention of the Underwood tariff rate of 60 per cent on laces and embroideries, which is the same as the Payne-Aldrich rate, with the one exception heretofore mentioned, the reason for which exception has long since ceased to exist.

(The statistics submitted by Mr. France are as follows:)

Merchandise.	Present rate of duty on foreign value.	Rate of duty under Fordney bill on American value.	Equivalent of Fordney rate on foreign value.	Present amount of duty.	Amount of duty under Fordney bill.	Present selling price.	Necessary price under Fordney bill.
	Per cent.	*Per cent.*	*Per cent.*				
Article with 20 per cent mark up on cost	60	45	123	$0.60	$1.23	$1.98	$2.74
Article with 25 per cent mark up on cost	60	45	135	.60	1.35	2.06	3.00
Article with 33⅓ per cent mark up on cost	60	45	158	.60	1.58	2.20	3.50
Article with 50 per cent mark up on cost	60	45	218	.60	2.18	2.48	4.85

Comparison of imports of laces and embroideries from principal European countries for the years 1912, 1913, 1914, 1915, and 1920, including handmade laces, lace edgings, insertings, galloons, nets and nettings, embroidered edgings, embroidered insertings, embroidered galloons, and other articles made thereof except wearing apparel, lace curtains, veils, and veilings.

[Statistics of Bureau of Foreign and Domestic Commerce, "Foreign Commerce and Navigation of the United States."]

	France.	Switzerland.	England.	Germany.	Italy.	Total.
Fiscal year:						
1912	$7,870,209	$12,717,265	$5,978,376	$7,555,729	$220,963	$34,342,542
1913	7,800,088	10,335,838	7,034,387	7,542,491	274,527	32,987,331
1914	7,916,090	8,906,331	8,852,616	5,890,546	181,262	31,746,845
1915	4,034,806	5,860,724	5,891,126	3,314,074	163,118	19,263,848
Calendar year 1920	5,679,741	4,167,667	6,199,368	1,285,295	658,144	17,990,215

Comparison of imports of laces and embroideries from principal European countries first 10 months of years 1920 and 1921.

[Statistics of Bureau of Foreign and Domestic Commerce "Monthly Summary of Foreign Commerce of the United States."]

Period.	France.		Switzerland.		England.[1]	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
	Yards.		*Yards.*		*Yards.*	
10 months ending Oct. 31, 1920.	98,763,901	$4,596,273	27,971,627	$3,010,053	71,579,451	$4,001,658
10 months ending Oct. 31, 1921.	179,527,238	3,680,511	22,364,201	1,203,695	35,334,291	767,940

Period.	Germany.		Total.	
	Quantity.	Value.	Quantity.	Value.
	Yards.		*Yards.*	
10 months ending Oct. 31, 1920	20,841,449	$875,129	219,156,428	$12,483,113
10 months ending Oct. 31, 1921	23,996,846	710,927	261,222,576	6,363,073

[1] Includes England and elsewhere in Great Britain.

NOTE.—These figures do not include nets and nettings, which are not reported by countries for the 10-month period. Total importations from all countries of nets and nettings for 10 months ending October 31, 1920, equalled $1,868,270; for 10 months ending October 31, 1921, equalled $1,611,040.

STATEMENT OF DAVID E. SCHWAB, NEW YORK CITY, REPRESENTING LACE AND EMBROIDERY ASSOCIATION OF AMERICA.

Mr. SCHWAB. It is my purpose to be very brief and answer any questions you desire to ask, but I would like to draw attention to the statement made requesting 60 per cent duty on the American valuation. If I may ask this committee, bearing in mind that laces are fashionable articles, which naturally have their ups and downs in accordance with the decline of fashion, what would be considered a fair profit in the opinion of this committee? I would like to arrive at just what it would mean to make a rate of 60 per cent, as suggested, on the American valuation. Would it be fair to assume 25 per cent on the selling price as profit and overhead?

Senator SMOOT. Do you want to instruct the committee on that?

Mr. SCHWAB. No, sir; I would like to give a demonstration.

Senator SMOOT. The committee can figure that out in a few minutes; do not take any time on that.

Senator JONES. I would really like to have an illustration of what the witness has in mind in that respect. He has evidently put into his calculations such factors as he deems important, and I would like to have them.

Mr. SCHWAB. I figure that if an article would sell in this country at $6 and that the American selling price includes the 60 per cent duty on the selling price and 25 per cent for profit and overhead, it would mean that 85 per cent is taken up by profit and duty. Figuring about 1½ per cent for charges of packing, commissions, transportation, insurance, brings it down to 13½ per cent remaining as the total foreign cost of the article. That would mean the article would sell in the United States for over six times the foreign cost. It

would make the selling price here over 600 per cent over the foreign cost.

Senator JONES. How much do you estimate is the ordinary profit for the importer, including his expenses? I mean the cost of importation, including his profit. How much do you estimate that to be?

Mr. SCHWAB. I figured in this calculation, Senator, 25 per cent on the selling price.

Senator JONES. Is that about the usual amount you figure?

Mr. SCHWAB. That includes overhead, and I should judge it would be, except, of course, in a period as the past year, when the deflation was so enormous and we had large stocks on hand that it was the other way.

Senator JONES. But in normal times would you say so?

Mr. SCHWAB. In normal times I should think that would be a fair average.

Senator JONES. And in addition to that you add about 1½ per cent for transportation?

Mr. SCHWAB. I do not believe, Senator, that would quite cover it. My figures for the purpose of this calculation are very close in order to give the other side the benefit. One and one-half per cent for packing charges, transportation to the port of shipment, transportation across the ocean, as well as commissions and landing charges here, would probably be very small.

Senator SMOOT. I do not understand your statement, and I want you to repeat it again, slowly. I do not see how you get 600 per cent.

Mr. SCHWAB. If the selling price is $6——

Senator SMOOT (interposing). The American price?

Mr. SCHWAB. Yes, Senator. There would be included in this American wholesale selling price a duty of 60 per cent on $6, or $3.60, a profit of 25 per cent, or $1.50, making a total of 85 per cent for profit and duty, or $5.10. Assuming that the other charges I referred to would be 1½ per cent, or 9 cents, that would leave about 13½ per cent for the actual foreign cost of the article, or 81 cents. Eighty-five per cent is six times 13½ per cent. It would mean that the foreign cost would be less than one-sixth of the selling price, and the duty on foreign cost about 450 per cent instead of 60 per cent as now.

Senator CURTIS. What would you sell it for?

Mr. SCHWAB. $6 is the assumed selling price here for the purpose of illustrating what the suggested 60 per cent duty on the American-valuation basis would mean. Included is 25 per cent for profit and overhead, probably a fair average. When you mark these goods you must mark them with a profit, because frequent change of style means eventually you must have a loss.

Senator JONES. My information was just the same as you have given, but I wanted to bring it out for the record, that that was the usual figure of the selling profit and overhead charge in expenses and that sort of thing.

Mr. SCHWAB. Yes, sir. I would further like to say that the gentleman who appeared before also referred to a certain class of laces which were shown here as made on the Lever go-through machine, and that he is meeting with destructive German competition on these goods. This committee has means of finding out that there is no

industry established in Germany with the Lever go-through machines. The gentleman is apparently mistaken. There is a class of goods sold in Germany which is a different class of goods. Our committee stands committed to provisions to protect the American manufacturers against an influx of goods.

There is another matter with respect to a certain character of goods which are made on the Lever go-through machines. They are a popular-priced article and vary in price from 5 cents up. The bulk of them sell for 5 cents. They sell very largely in the 5-cent stores, and are used by the masses for trimming inexpensive garments. I think there is no doubt that these goods have not been made efficiently or come down sufficiently in the United States and could have come down further. I will demonstrate, on the other hand, during the war we were not getting the French goods to any extent, and we could not take the goods here, as they were poorly made, not finished correctly, even from England, who is the originator of the Lever machine and Lever goods. It would deprive the people of satisfactory goods of this character if we could not get the French goods. They are called Val laces. I would like to leave for comparison samples of these articles made with the same material and the same construction in the various countries, and the difference will be obvious.

However, this same Lever machine makes other articles of the character I have here most successfully in America.

Senator WATSON. Did I understand you to say they do not have that kind of machines in Germany?

Mr. SCHWAB. Yes, sir; they have no Lever machines in Germany; they are not used there.

Senator WATSON. They are not used by the lace-manufacturing industry in Germany?

Mr. SCHWAB. No, sir. It is in the hands of the French and English abroad. On some goods the English excel and on some the French excel. Here are a few classes of goods made on these machines which indicate the various styles. These are manufactured in America. Here is one article I can get for $1.50 a yard in this country.

Senator WATSON. Is that made in this country?

Mr. SCHWAB. Yes, sir.

Senator WATSON. That first article you laid down?

Mr. SCHWAB. This article here is made in America at $1.50. I have here an article offered from France. I have just received these samples, and it will cost us $2.50 to land the French article. Here is an article furnished by another firm. The American article is from $2.50 to $1.50. The European cost landed originally is about $4 on the same article.

Senator WATSON. Why does it cost more to make it here than it does over there?

Mr. SCHWAB. Senator, I have illustrated the contrary is the case. The fact that they are 36 inches wide with a large amount of material in them would have something to do with it. These large articles are less here than abroad. The smaller articles shown before require more labor. Here is another article we buy for 75 cents here. The cost of this article to land from France would be $1.05.

Senator SUTHERLAND. The French article is wider?

Mr. SCHWAB. No, sir. They are all 36 inches wide. I have several others, but I believe that will serve the purpose. Here is also from this Lever go-through industry another article made of heavier weight than this article here, which also can not be brought over from England or France, as the American-made article is cheaper.

Senator SUTHERLAND. The French or English article costs more laid down here than the domestic article?

Mr. SCHWAB. By far, Senator.

Senator WATSON. Do you want us to understand that the wages paid there are higher than those paid here in the same branch of the industry?

Mr. SCHWAB. Senator, as I explained before, the articles which I show have a large amount of material. While requiring much labor, the amount of labor is smaller in proportion to the large amount of material used. The most stylish articles to-day yielding the largest volume of business and profits in laces have been of American manufacture.

Senator SUTHERLAND. What is the duty on the French and English articles?

Mr. SCHWAB. Sixty per cent on the foreign cost.

Senator SUTHERLAND. The price is quoted including the duty?

Mr. SCHWAB. Including the duty and charges of landing in New York.

Senator SUTHERLAND. Does that account for most of this excess over the domestic price?

Mr. SCHWAB. Naturally it adds to the cost and is partially responsible and fully protects American industries. We are perfectly satisfied with this 60 per cent duty on foreign cost. We have gone further and on German goods stand committed to a just provision for additional duty if found necessary.

Senator SUTHERLAND. Generally speaking, you prefer the foreign-made article to that made in America?

Mr. SCHWAB. Not necessarily. It is a question of style and price.

There is one matter I would like to call attention to. The gentleman who spoke before on so-called Schiffli laces and embroideries mentioned my firm having a factory in Austria. He is misinformed. The firm of which I am a member formerly had for many years a factory in Austria, which in 1912 or 1911 was scrapped.

The gentleman also showed some net flounces made on Schiffli machines. I might say I have used thousands of yards of these flounces made in America as against 100 yards or 50 made abroad, and they can be made here in competition now.

STATEMENT OF MAX NEUBURGER, REPRESENTING THE LACE AND EMBROIDERY ASSOCIATION OF AMERICA (INC.).

Mr. NEUBURGER. I have very little to add to what has been said in the brief which Mr. France has submitted, and what Mr. Schwab has said.

I want to say in regard to the statement made by a representative of a domestic manufacturer, who spoke about there being a discrimination, and many idle machines in western New York or wher-

ever the industry is located. That is usually true all over the world in regard to these laces and embroideries, with the exception of Germany. In regard to laces and embroideries, they are subject to fashion, and it is unfortunate that embroideries have not been in style or demand by the trade to which we are selling. The people who have made big money during the war, when importations were not coming in, should not cry out suddenly now and want protection ad infinitum, simply because their business is slack now. That condition exists all over.

It was stated, referring to me, I think, that one of the importers who was here formerly had machines and sold them two years ago. I have operated machines both here and in Switzerland, and I sold them out because I am a dealer in laces and embroideries, and did not care to be a manufacturer in order to have an open market to draw from. That was the reason I sold the machines. The man to whom I sold them has made a fortune since he had them. Sometimes in the manufacture of an article where a man is resourceful, that is what will happen.

All I want to say in answer to this same gentleman's statement that instead of selling imported goods we should sell domestic goods hereafter is from the statement he has made that he wants 55 or 60 per cent protection on American valuation, what chance is there for anybody to sell any goods at such a terrific price, which can be retailed to the ultimate consumer only at a prohibitive rate? There is no chance for anybody to exist that way. The importer who brings the goods in from other lands is, in my estimation and I think that of the committee, just as necessary a link in the chain of commerce as the domestic manufacturer.

That is all I have to say.

LEVER LACES.

[Paragraph 1430.]

STATEMENT OF HENRY N. BERRY, LYNN, MASS., REPRESENTING THE RICHMOND LACE WORKS.

Mr. BERRY. Mr. Chairman, I appreciate your courtesy in letting me appear at this time. I was quite ill this morning and last night, which explains my not appearing here this morning. I am ill now, but I am ready to make a try of it, and I crave your indulgence for a few moments.

My name is Henry N. Berry and my residence Lynn, Mass. I am vice president and the largest stockholder of the Richmond Lace Works, and we manufacture lace on the Lever go-through machine. The Lever go-through machine manufactures lace.

I am representing the Richmond Lace Works and also the Lace Association Manufacturers of New England.

I came here not as an expert but as a business man with practical experience, particularly in building up the Richmond Lace Works.

In 1908 two or three of my business friends and myself decided that we would invest in the establishment of a Lever go-through lace plant, and we did establish in the village of Alton, R. I., near Westerly in that State, a go-through plant, which at that time con-

tained three of the Lever go-through machines. The plant was a very small one at that time. We gradually increased our investment. We increased the number of Lever go-through machines, and we developed the plant until to-day we have thirty of the Lever go-through machines, and our investment, which started somewhere around $40,000, as I remember it, is to-day in excess of $600,000. We have now a complete plant, not only for making the fabric on the Lever go-through machines, but also for doing the bleaching, dyeing, and finishing, so that we now get out the complete product.

Our company is typical of practically all the go-through lace companies in the country.

Senator WATSON. What do you mean by a go-through machine?

Mr. BERRY. It is the name given to the machine. It is a sort of weaving process based on a card. I am not an expert.

Senator WATSON. Is there a lace called go-through lace?

Mr. BERRY. No; that is the name of the machine.

Senator WATSON. That is the machine?

Mr. BERRY. Yes; it is the Lever go-through machine. The name "Lever" comes from the man who invented it, while the term "go-through" comes from the process, which means a certain kind of weave. These machines are used by practically all the lace companies in this country.

Senator SMOOT. Didn't you get the machine in free of duty?

Mr. BERRY. Most of them came in free of duty; yes, sir.

Senator SMOOT. I remember that we put them on the free list in order to get you started in business?

Mr. BERRY. Yes. We took advantage of that. We heard rumors that they might be gotten in free.

We started in 1908. At that time we had three machines. In 1909 and 1910 the duty was taken off the machines, and we imported most of our machines during that period. We have had to buy one or two more since. We have gone ahead until our investment now is in the neighborhood of $600,000. The product that we get out in the course of the year will, perhaps, run up to something over a million dollars. I am speaking now of the Richmond Lace Works alone.

Senator SMOOT. What do you want? Just what are you asking for?

Mr. BERRY. Briefly, this is what we want. We want 60 per cent on the American valuation.

Senator SMOOT. Instead of 45?

Mr. BERRY. Instead of 45, because I am satisfied from my practical experience that that is the minimum that we can live on.

Senator SMOOT. On the foreign valuation what do you want?

Mr. BERRY. As to the foreign valuation, I can not tell you. I should have to leave that to the experts, but I know it would be a figure that would be absurd. I have heard it estimated here by some of the people who have been asked at 130 per cent. I am not sure of that, but I am sure of the 60 per cent.

After investing our money and putting up a plant on 70 per cent originally, then 60 per cent, and having accepted the invitation of the Government to buy these machines, we find that we are competed with to such an extent that unless we are protected to the extent of 60 per cent ad valorem on the American valuation we shall soon be extinct.

Senator WATSON. What is the condition of your business now?

Mr. BERRY. We are hustling to find a place to put our goods. We are not succeeding in running at full capacity. We have run more than we should otherwise have run for the reason that we have piled up our business hoping big business would come, and hoping for and relying on adequate protection to save the investment which we have made based on a tariff of 70 per cent and 60 per cent and also by reason of having brought in machines during that one year free of duty.

Senator WATSON. Do you think that this condition is due to importations?

Mr. BERRY. I am absolutely convinced that that is a large portion of it. I will cite some cases very briefly, because I do not need to take up time on it.

We are putting out a pattern which we are selling for $2.80. A pattern that is exactly identical is being offered in competition with us in all directions to-day at $1.80, substantially less than our cost.

A pattern that we are putting out for $4.10 is manufactured in Germany and is being offered on all sides at $2.15.

A third pattern that we are putting out at $4.50 is being offered by Germany at $3 in our markets.

A fourth one that we are putting out at $5.85——

Senator WATSON. Does that mean the yard?

Mr. BERRY. No; that is the gross.

Senator WATSON. We want to know the unit.

Mr. BERRY. Oh, yes. I am glad you spoke of that. Our unit is the gross. These figures that I am giving you are for the gross.

The fourth pattern that we are putting out for $5.85 is being offered by Germany in competition with us at $4. Those are four important patterns for us. In all those cases they are being offered at substantially less than our cost.

Senator DILLINGHAM. To whom are they offered?

Mr. BERRY. To the manufacturers and wholesalers.

Senator WATSON. Are they offered in the same market?

Mr. BERRY. Yes; in the same market. Our salesmen first find it out by going to these men. They say, "Oh, no; I do not want to talk to you; I have this pattern, this same thing, that I can buy cheaper. Good day."

Senator DILLINGHAM. Does that correspondingly low price go on through to the consumer?

Mr. BERRY. I do not know about that.

Senator DILLINGHAM. I did not know but that you had looked into the retail trade.

Mr. BERRY. I have to a slight extent. Do you mean the public?

Senator DILLINGHAM. Certainly.

Mr. BERRY. Oh, I do not know, sir. I speak of the consumer as the manufacturer to whom we sell our lace. He builds it up in the way of trimmings.

Senator DILLINGHAM. I was speaking of the general public when I said "consumer." I was wondering whether the Germans sold their goods to the ultimate consumer at a less price than you do.

Mr. BERRY. I do not know about that. The sales that I am talking about are sales in large quantities. My experience has been

solely confined to where we sell them in competition, namely, to the manufacturer. We sell only to the manufacturer.

Senator WATSON. What Senator Dillingham was trying to get at was whether that smaller price goes on through to the ultimate consumer or whether the retailer makes an exorbitant profit.

Mr. BERRY. I doubt if it does. My belief based upon experience is that the general public has to pay a high price and that a great big profit is made by the retailer. However, we never sell except to the manufacturers. That has been our business solely. That illustrates, in a general way, what we are up against. I am satisfied that we must have the American valuation in order to be protected. In the first place, I feel that to put a huge per cent of duty—perhaps 140 per cent—on the foreign valuation is not businesslike nor the proper thing to do.

Senator SMOOT. What is the difference if that is what it amounts to?

Mr. BERRY. Well, if it were the equivalent mathematically, it would be the same, but I believe there are two differences, and differences that we know, namely, that the same goods come from different countries and they have different foreign invoice prices. Therefore it tends to make the market unsettled. I believe, further, with a big ad valorem duty placed on the foreign valuation, the temptation is going to be much greater to have those invoices from abroad manipulated. I believe that the American appraisers on this side will be perfectly helpless and will not be able to have the data in front of them or to verify that data in any proper way if the foreign valuation is used, whereas, if the American valuation is used—that is, the local wholesale price on this side—the American valuers can determine that and have the data and methods of checking up the data before them.

Senator SMOOT. You do not think for a moment that the importers of foreign goods do not put the price down, or that they have not put it down in the past, as low as they could possibly do it.

Mr. BERRY. I suppose that is true, Senator. I am not an expert along this line. I simply am a practical manufacturer. I am by far the largest stockholder in the Richmond Lace Works. It is my money that went into it, and I have come here to tell you what I believe and what I feel from my personal experience. I further believe, from the best study that I can give to the subject, that if we put on a duty of 60 per cent, American valuation, it is not going to be an easy picnic; it is going to be, as it has been in the past, rather difficult. It is not going to be a snap.

In the past we have had to use the closest management in the mill and we have had also to employ the closest buying of our yarns. I think, at that, we have been rather fortunate in our buying of the yarns. I believe from all the facts before me, as far as I can see as a manufacturer, that we need that 60 per cent on the American valuation. I further believe that it is not going to be an easy thing in the future. In other words, we shall have to continue this very careful buying, and we shall have to have prudent management and shrewd manipulation of our business.

I, therefore, most earnestly ask that rate. I further wish to say this—and I believe it to be a fact—that at my plant, as I am pleased to call it, we have figured closer, and so far have had better management in our operations than almost all of the other lace companies.

Therefore, I state with great confidence that all the lace companies in our line of manufacture using the Lever go-through machine need that minimum. I believe some need it more than we do.

Gentlemen, unless you have some questions, I have nothing more to say. I have tried to tell you in a practical way what we need and why we need it.

I am going to take the liberty of filing a memorandum, which is not a technical brief, but merely a memorandum which I dictated before I left Boston. It is along the lines I have already indicated.

I crave your indulgence for my inability to appear this morning, and thank you for your courtesy in hearing me this afternoon.

BRIEF OF HENRY N. BERRY, REPRESENTING THE RICHMOND LACE WORKS.

The plant of the Richmond Lace Works is in a way symbolical of the plants of the various lace companies in this country. They were all started under the protection of the American tariff. Take, for instance, the case of the Richmond Lace Works. In 1908 two or three business men looking about for an advantageous investment and for a legitimate business looked into the manufacture of lace by means of Lever go-through machines, which had been used for some considerable time extensively in France and in Great Britain but which were comparatively little known in the United States. To carry on the manufacture of lace with these machines in the United States was to a considerable extent an experiment. On the other hand, the business had been a success in Great Britain and in France and there was in force a United States law placing a 70 per cent ad valorem duty upon the importation of merchandise of this character. These investors, believing in the possibilities of the business and relying on the tariff duty contained in the United States revenue law, established the plant of the Richmond Lace Works in the year 1908, starting the manufacture with three Lever go-through lace machines. The plant was located in Alton, R. I., near Westerly, in that State, and the investors continuously from 1908 on increased their investment and developed the plant and the business of selling the product of the machines. The number of the machines gradually increased until at the present time the Richmond Lace Works is operating 30 Levers go-through machines and the investment to-day is approximately $600,000. The company, on the whole, has been distinctly successful and has improved in value and in efficiency during that period and up to the present time.

Around the year 1910 the Government enacted a law exempting these Lever go-through machines from any duty for a period of about one year. We increased the number of our machines largely during that period. This was an invitation to us to invest American money in this business.

The inception of the company, the original investment, the additional investment as the years proceeded, and the development of the business have all been undertaken relying on the duty in force under the tariff laws and further relying on a continued reasonable protection on the part of the United States Government; and what is true of the Richomnd Lace Works is in general true of every lace plant in the country.

At the present time the plant of the Richmond Lace Works comprises not only the 30 Levers go-through machines above mentioned but also a very considerable amount of necessary auxiliary machinery, including machinery and equipment for bleaching, dyeing, and finishing lace goods. Our power plant is a combination of coal and water power, including two water-wheels, two steam engines, and two electric generators. In addition to the plant the Richmond Lace Works owns practically all the land on which the village of Alton is located. It owns the houses where a large proportion of its workmen live, these houses accommodating 50 families. The Richmond Lace Works also has a store building, a water supply system, and generates and supplies electric current for lighting, power, etc., throughout the village of Alton. This company employs from 135 to 150 persons in the mill and also supplies work for approximately 130 families outside the mill—this for thread drawing, these families being scattered over a radius of about 10 miles from the factory. The pay roll of the Richmond Lace Works for four weeks in October, 1921 was approximately $20,000. The character of the laces manufactured is largely Cluny and torchon laces with some vals. During the history of the Richmond Lace Works we have had competition, and at times very close competition, from the laces imported from

abroad, and it has only been by the closest management, coupled with very careful purchase of yarns, that we have been enabled to compete with any success against the imported laces.

Recently we have been threatened with a competition which, unless checked, spells ruin for the lace industry. Under conditions existing prior to the Great War and during a considerable portion of the war period the business of manufacture of lace on Lever go-through machines was a normal business which, if most carefully managed with shrewd buying and careful management, insured a reasonable rate of return, but never huge returns and never any returns except under the most careful manipulation; and this business was always carried on in close business competition with the imported laces.

This business could only have been started under the 70 per cent ad valorem duty prescribed in the tariff laws of the country. It could only have developed and continued to live under an adequate protection by these tariff laws. It can only exist now and in the future under a suitable tariff protection. Given an inadequate tariff protection, the result inevitably will be the speedy extinction of the business as a whole, and this is not a matter of speculation or of guesswork.

Within the past few months the market has been flooded with German and French laces of the same character and style as those manufactured in this country, and these laces are being offered in our markets and in competition with our goods at prices substantially less than our cost of manufacture. This is the simple fact. It does not require any argument to show that unless this state of things is corrected the lace industry in this country is doomed.

Under these circumstances there is one means and one means only for maintaining the present and future existence of the lace industry and that is an adequate tariff. The precise question before your committee is, What is an adequate tariff? The amount of tariff varies somewhat with the different classes of lace manufactured. The experts of the American Lace Association have computed from an exhaustive examination of data a schedule recently submitted to the Ways and Means Committee of the House, showing that the protection needed by the lace business requires an ad valorem duty of at least 60 per cent on the American valuation.

Any material valuation from such ad valorem duty of 60 per cent would be totally inadequate. And this duty of 60 per cent would not give us any easy task. In order to continue in business to compete successfully with the foreign importations and to give any adequate return whatever to the investors in these lace works the business in the future would have to be conducted with the same degree of close and careful management as has been the practice in the past. Not only do we need adequate protection as indicated herein but we need it quickly. We can not indefinitely maintain our organizations in the face of this foreign competition.

We are advised that our views are combated in various directions by the importers, by retailers who import, by the organized trades of Germany with the possibility of subsidization, and these various influences exert themselves through a more or less effective propaganda. We have no propaganda to put forth. We come before you and give you the facts in relation to our business and the existing difficulties and future dangers. We offer to prove the facts which we assert. We ask for protection from you—for adequate protection, and we place our case in your hands with the utmost confidence.

The Richmond Lace Works is a member of the New England Lace Manufacturers' Association and we are authorized to ask on behalf of that Association for a tariff protection of at least 60 per cent ad valorem on the American valuation. This association comprises an investment of between $2,000,000 and $3,000,000.

STATEMENT OF HUGO N. SCHLOSS, REPRESENTING THE LIBERTY LACE AND NETTING WORKS, NEW YORK, N. Y., AND AMERICAN LACE MANUFACTURING ASSOCIATION.

Senator SMOOT. If you have a brief you may file it with the committee.

Mr. SCHLOSS. Yes; I have a brief which I would like to submit later to the committee.

I represent the Liberty Lace & Netting Works, of New York, and am also a member of the tariff committee of the American Lace Manufacturers' Association.

The industry which I represent is principally the Lever lace. The manufacture of Lever lace was established in this country in 1909 and 1910 under the Payne-Aldrich bill, when we started in business, and we imported our machines free of duty at that time, under a protection of 70 per cent on our goods. Since that time the Underwood bill has reduced that to 60 per cent.

To start with, I would like to answer the former speaker about these laces [indicating]. I believe some of these are our goods. At least they look like ours.

Are they, Mr. Schwab?

Mr. SCHWAB. I think they are.

Mr. SCHLOSS. Mr. Schwab said we sell them for $1.50 a yard. They are made of artificial silk.

What I want to bring out is this: These goods were imported from France at $4.50, $5, and $6 a yard. The article is a distinct novelty. It comes somewhat under the category of the flower shown to you this morning. The Calais manufacturers produce artistic goods. They make the more elegant and higher quality of merchandise. The article comes to this country, and the importer or the retailer who sometimes buys his goods in Europe puts them on sale at a very high price, and I have found on that particular item the profit put on by the foreign manufacturer was so tremendous that it was possible for us to compete. We have commercialized the article, reducing qualities, making sometimes the same pattern and sometimes similar patterns, and we are selling those goods to-day at $1.50 a yard, permitting the importer to make his profit at, Mr. Schwab says, 25 per cent, and allowing the retailer to make a profit of 50 per cent on his cost, and sometimes more than that. That allows that merchandise to go to the consumer or buying public for a good deal less money than the importer could have imported them for.

If these goods come in at $4 a yard, why does the American manufacturer sell the goods for $1.50? He has protection, according to this gentleman. Why does he not take advantage of it? Does not competition among the American manufacturers take care of that? So I do not think we need fear overprotection. Competition will take care of that matter.

Senator SMOOT. If there is only one manufacturer it will not take care of it.

Mr. SCHLOSS. If there is only one manufacturer?

Senator SMOOT. Yes.

Mr. SCHLOSS. Oh, no. But Marshall Field & Co. are beginning to make them now in their factory. There are five or six others in this country making them.

Senator LA FOLLETTE. Are they all selling them at the same price?

Mr. SCHLOSS. About the same price. The market price is usually established by the different manufacturers.

As I say, this is the novelty end of the line. The standard grade of lace made is a different kind. We make the same goods in this country as are made in France. We can tell how much it costs to make goods in France. This happens to be the only item that we are able to compete with, because the foreign manufacturers have put on such a tremendous profit.

When this lace paragraph was written in the House, Congressman Garner, at the hearings before the Ways and Means Committee, made this remark in regard to lace, and it is in the record:

This being one of the most intricate and difficult schedules in the tariff law it seems to me you ought to have a thorough survey of it by the Tariff Commission in order that the committee might get, as far as it can, the impartial viewpoint of that body. Undoubtedly the statistics in this instance would show that it would stand, from a revenue standpoint, a considerably larger rate than it has now.

When the bill was reported to the House Mr. Green, who really wrote the paragraph as chairman of the subcommittee, made this statement on the floor of the House:

Even a rate of 45 per cent would not be sufficient to permit American manufacturers of laces to continue in business. Laces can be brought in at one-third the cost of domestic production.

That is absolutely true. The goods are sold on a close margin of profit. The great disparity in the cost of making lace in this country and Europe is entirely due to the tremendous difference in the labor cost. As an example of the difference, I want to speak of the weaver. A lace weaver in Lyons, France earns $9 a week; we pay from $55 to $60.

Senator LA FOLLETTE. How many machines does the American weaver operate?

Mr. SCHLOSS. One machine.

Senator LA FOLLETTE. Just one machine?

Mr. SCHLOSS. One machine. The usual work on a lace machine is 18 hours a day. The weavers work in shifts. The machines are very expensive. The cost before the war was about $7,000 to build and set them up. Naturally, to produce economically, we must get all the work out of them that we can. The trade in Europe, the same as here, works these machines 18 to 20 hours a day, 18 hours now. I mean under normal conditions. To-day we are not working.

A warper earns in Lyons, France, $6.50; in this country we pay them $42.

Senator JONES. How do you figure that $6.50?

Mr. SCHLOSS. Convert the foreign wage per week in the current rate of exchange.

Senator SMOOT. Those figures are all in your brief?

Mr. SCHLOSS. Yes, sir.

Senator SMOOT. You may file your brief.

Mr. SCHLOSS. I will do so.

Our industry is practically demoralized. Last Friday we received a telegram stating we would have a hearing to-day, and we immediately sent out form telegrams to all the members of our association and some of the manufacturers who are not members of the association, reading as follows:

Your tariff committee is scheduled for hearing before Senate Finance Committee Friday morning. Wish to report actual present condition of industry as portrayed by each plant. Wire us what percentage of normal you are running; also all possible information which the Finance Committee should have as to condition of industry. Immediate telegraphic reply imperative.

Here are the replies. I will not read all of them, but I would like to read a few of them. Here is one from the Van Raalte Co.:

We report 90 per cent standing idle at present.

Seekonk Lace Co., Pawtucket, R. I.:

Operating one-third of plant with no prospects of any future business.

New England Lace Mills, Pawtucket, R. I.:

Business very poor. Running of plant varies 10 to 15 per cent of normal.

Jennings Lace Works, Brooklyn, N. Y.:

Lace business most unsatisfactory. Running at times about 20 per cent normal.

Phoenix Lace Mills, Phoenix, R. I.:

Running about 25 per cent of normal. Business very dull. One customer who could keep mill busy buying from Germany to our entire exclusion.

Senator SMOOT. They all run about the same?

Mr. SCHLOSS. Yes, sir.

(The remaining replies are as follows;)

Philadelphia, Pa.—Present time running 24 per cent of employees and 75 per cent of time. In other words, running 7 hours a day instead of 9 and 13 men instead of 59.—Bromley Lace Co.

Riverpoint, R. I.—Operating 35 per cent of normal. Never saw domestic lace business so poor. This is caused by flooding of market with foreign goods. In our own case the competition is principally from France, while we can not get cost for our merchandise, foreign laces are being dumped into New York and sold.—Warwick Lace Works, Geo. H. Clark, general manager.

New York, N. Y.—Replying to your telegram, we wish to state that our looms are only partly employed, and those which are working are on goods sold at cost in order to keep machinery in operation and workers employed.—Patchogue Plymouth Mills Corporation.

Pawtucket, R. I.—Operating one-third of plant with no prospects of any future business.—Shokonk Lace Co.

Phoenix, R. I.—Running about 25 per cent of normal business. Very dull. One customer who could keep mill busy buying from Germany to our entire exclusion.—Phoenix Lace Mills, Dana C. Hyde, Secretary.

Brooklyn, N. Y.—Lace business most unsatisfactory. Running at times about 20 per cent normal.—Jennings Lace Works (Inc.).

Philadelphia, Pa.—Have been averaging about one-fifth normal production on Levers lace machines. Closing down Friday night for two weeks. Future prospects not encouraging.—North American Lace Co.

New York, N. Y.—Plant working now one-third normal without profit. Face shutdown in near future. Was closed twice in 1921 for several weeks. Impossible to compete on veilings owing to depreciated French currency.—American Veiling Co., Southlanghorne, Pa.

Pawtucket, R. I.—Business has never been worse in our experience, and our concern was founded in 1899. We can not compete with French vals or German cluny. Our employees have shrunk from 455 to 82. Without tariff relief with American valuation we can see no way out.—American Textile Co., P. T. Phillips.

Reading, Pa.—Lace machines now running 43 per cent at normal. Cluny laces being imported at less than 50 per cent of our cost of production. Absolute paralysis of industry unless adequate protection is secured promptly.—Narrow Fabric Co.

Elyria, Ohio.—Prices at which laces are being imported have already compelled us to discontinue manufacturing certain lines, and unless adequate protection is given quickly the unemployment situation already grave will get worse at this time of year. We usually have from one hundred to hundred fifty thousand dollars advance business booked. We have absolutely no orders now and operating 10 per cent capacity.—The American Lace Manufacturing Co.

Philadelphia, Pa.—Replying to your telegram of the 19th we are working at 70 per cent of normal basis and at a loss of 20 per cent; this is on account of foreign competition and inadequate protection from low foreign exchange rate.—Fine Art Lace Co.

Newburgh, N. Y.—Operating about 40 per cent of normal due to foreign competition.—American Bobbinet Co.

Pawtucket, R. I.—Business very poor. Running of plant varies 10 to 15 per cent of normal.—New England Lace Mills.

New York, N. Y.—We are running 50 per cent time and employees.—Martin Hinkel Lace Co.

New York, N. Y.—Our plant is running about 10 per cent of normal. The goods which we are producing at the present only novelties. Business and staple goods stopped completely on account of foreign competition. Unless immediate relief given by protective tariff our industry can not survive.—Liberty Lace and Netting Works.

New York, N. Y.—Answering your telegram, our plant is working about one-third normal and will show a loss for this year. Foreign competition due to depreciated currency being cause.—William J. Urchs, President International Veiling Co., Paterson, N. J.

West Barrington, R. I.—Our plant of 46 machines is idle except for a few machines which are sampling. We find it absolutely impossible to compete with foreign manufactured articles that are flooding the market to-day. Unless some protection against these foreign goods is given us at an early date we will have to go out of business.—Rhode Island Lace Works.

Lehighton, Pa.—We are working a little better than 60 per cent normal under depressed business conditions. Mill was closed entirely during month of November, and also eight months during year of 1920. The lace industry of America needs better protection than it has thus far received in order that the millions invested may give employment to large classes of skilled labor and help in operation about 600 machines in this country.—Lehighton Lace Co.

Jersey City, N. J.—Our lace plant is not more than one-third employed at the present time, and unless we get relief we will have to close down altogether.—Hall Lace Co.

Somerville, N. J.—In reply to your inquiry, wish to say we are not running 2 per cent of our plant and we are selling below cost. We sincerely hope relief is forthcoming on the tariff, otherwise we shall be compelled to close our mill indefinitely.—Redfern Lace Works.

Senator SMOOT. What rates are you asking?

Mr. SCHLOSS. Sixty per cent on the American market valuation.

Senator LA FOLLETTE. What would that be on the foreign valuation?

Mr. SCHLOSS. Mathematically figured, 150 per cent.

Senator JONES. What do you mean by "mathematically figured"?

Mr. SCHLOSS. When the House wrote the bill, I believe they figured out a mathematical formula. If we say 45 per cent on American market valuation, it is 45 per cent of 100 per cent, leaving 55 per cent for the foreign cost. Dividing 60 by 40 would give 150 per cent.

Senator JONES. What about the figures Mr. Schwab gave to us awhile ago?

Mr. SCHLOSS. I don't concede his figures are correct.

Senator JONES. What is the fault with his figures?

Mr. SCHLOSS. I could not quite follow Mr. Schwab's figures, when he said $6 was the market price on which he was to pay duty. He said that was six times the original cost.

Senator JONES. If we assume that the wholesale price of the article is $6, and 60 per cent of that is your tariff duty, then he allowed 25 per cent of the $6 as the expense and overhead charges and profit of the dealer. That would make 85 per cent. Then he allowed in addition to that cartage and packing charges, which I think he put in conservatively at about 1½ per cent, which would give a total of 86½ per cent.

Mr. SCHLOSS. Yes, sir.

Senator JONES. Which would only leave 13½ per cent as the foreign cost of the article.

Mr. SCHLOSS. The way I would figure it would be to divide the $6 by 186½ per cent, which would give you the foreign cost.

Senator JONES. You can not do that and allow 60 per cent on the American valuation.

Mr. SCHLOSS. Senator, it depends on who makes the American market valuation.

Senator JONES. We have assumed that the American market value is $6 per yard.

Mr. SCHLOSS. Yes, sir.

Senator JONES. And 60 per cent of that would be the tariff.

Mr. SCHLOSS. Yes, sir.

Senator JONES. And 25 per cent of that would be the importer's charges.

Mr. SCHLOSS. Yes, sir.

Senator JONES. And another 1½ per cent would be the packing and cartage charges.

Mr. SCHLOSS. Yes, sir.

Senator JONES. Which would only leave 13½ per cent for your foreign value. I do not see how you can escape the figures which Mr. Schwab gave us.

Mr. SCHLOSS. I think the intent of the law is to take the American price.

Senator SMOOT. These are not comparable goods. If you figure as the witness did, and take 25 per cent of the article assumed to be $6, what the witness said was correct; but that is only in case there are no comparable goods. You can not apply that to 99 per cent of the goods that are being shipped in here.

Senator JONES. Take it comparable or noncomparable, and if you have a rate of 60 per cent it will figure out the way Mr. Schwab figured it.

Senator CURTIS. You can illustrate it better by those made in France and Great Britain and made in this country. There is a piece of goods made in France, and here is a piece made in this country. Those are comparable. The American price here is $1.50.

Mr. SCHLOSS. Exactly.

Senator SMOOT. Where the goods are comparable it will not figure that way.

Senator JONES. It strikes me that it does not make a particle of difference whether they are comparable or not. If the tariff is 60 per cent on this article, the wholesale price is $6—60 per cent of it is tariff, 25 per cent of it is importer's charges, and 1½ per cent packing and cartage charges; it only leaves 13½ per cent of the cost of the article abroad.

Senator SMOOT. Sixty per cent of $1 is 60 cents, but 60 per cent of 60 cents does not make $1.

Senator JONES. But 60 per cent of $6 makes $3.60. Twenty-five per cent on $6 makes it $1.50.

Senator SMOOT. We can figure that ourselves.

Senator JONES. I am trying to get this witness to explain the fault in Mr. Schwab's figures. I do not think thus far he has made any explanation, and I would like to have him make one, if he can.

Mr. SCHLOSS. I can only say that 150 per cent on the foreign valuation is the equivalent of 60 per cent on the American valuation. Mathematically it figures out that way, the same as 45 per cent figures 81.7 per cent.

Senator JONES. Let me give you this problem. We have an article, call it what you will.

Mr. SCHLOSS. Yes, sir.

Senator JONES. It sells at the wholesale price in this country at $6.

Mr. SCHLOSS. Yes, sir.

Senator JONES. The duty on that article is 60 per cent on the American valuation.

Mr. SCHLOSS. Yes, sir.

Senator JONES. The importer makes 25 per cent upon his sale price here.

Mr. SCHLOSS. Yes, sir.

Senator JONES. I will ask you to figure in that case how much that article costs abroad.

Mr. SCHLOSS. It costs about $3.25, sir.

Senator JONES. I do not see how you can get that. It sells for $6 in this country.

Mr. SCHLOSS. Yes, sir. That is 185 per cent of the cost.

Senator JONES. Sixty per cent of that is tariff.

Mr. SCHLOSS. Yes, sir.

Senator JONES. That is $3.60?

Mr. SCHLOSS. Yes, sir.

Senator JONES. The importer has made 25 per cent, or $1.50?

Mr. SCHLOSS. No, sir.

Senator JONES. That amounts to $5.10.

Mr. SCHLOSS. It is the other way.

Senator SMOOT. He figures discounts the other way.

Senator JONES. I would like you to explain why it does not work out that way, if you are going to have 60 per cent as the tariff on the American valuation.

Mr. SCHLOSS. Take $3.25 and add 85 per cent and see where that brings you. That is the foreign cost. That brings you to $6.

Senator JONES. I suppose it will.

Mr. SCHLOSS. That is the way I figure it.

Senator JONES. By what authority do you figure it in that way? Where does that get you a 60 per cent tariff?

Mr. SCHLOSS. The $6 includes the 60 per cent and the 25 per cent. It is really 185 per cent of the cost.

Senator JONES. If the wholesale price is $6, and if the tariff is 60 per cent on the American wholesale price, does not that tariff amount to $3.60?

Mr. SCHLOSS. I suppose it does, if you figure it that way.

Senator JONES. If the importer has charged 25 per cent as his selling price, has he not charged another $1.50?

Senator SMOOT. No; because his selling price was not $6.

Senator JONES. His selling price is $6.

Have you made the only explanation of that which you care to make?

Mr. SCHLOSS. At this time; yes, sir. I would like to have a little time to explain it to you. I will write you a letter on that, and then I can explain it.

Senator LA FOLLETTE. You would like to explain it in a private way and not for the record?

Mr. SCHLOSS. I should like to.

The point I wish to make is that when we American manufacturers are asking a certain amount of protection we are not really in competition with the importers. We are in competition with foreign manu-

facturers. There is where we want to be protected. The importer can buy his goods in Europe and compete with us, keep us out of business, but it is the foreign manufacturer who makes the profit over there. He sells it to the importer and pays the duty, and the importer adds his 25 per cent profit and we can not compete.

All we are asking for is a rate of duty that will allow us to compete with the foreign manufacturer. We are perfectly willing to sell to the importer. We have done it, and we do it to-day. During the war none of the importers, I believe, lost any money. I think they were very prosperous, and they were dependent to a very large extent upon the American manufacturer of an infant industry. This industry has really only started to get on its feet, and we got this knock in world's condition which has made it necessary that we have some protection. We have no protection to-day.

If the American manufacturer can be gotten on his feet, I do not think overprotection or too much protection will increase the price. The competition among American manufacturers has always resulted in bringing down the price to the consumer. The importer is using the foreign goods to get a very considerable profit.

A matter which has not been touched upon at all, has been the competition which we have to-day with China. The Chinese are employing over half a million girls making lace by hand. In the statement made by the secretary of the retailers' association, he said that hand-made lace is sold by the Chinese manufacturer at 6 cents a yard. That is hand made, not machine made. I figured that labor is the largest part of that, and put it at 4 cents a yard for labor. A Chinese girl certainly can not produce a yard in less than three or four hours. With a 48-hour week, and 4 cents for a yard of lace, that amounts to about 48 cents a week for a 48-hour week. We are paying $50 to $60 a week to our machine workers. We do not make hand-made lace. Our machine-made lace is in competition with that hand-made article of China.

To demonstrate that, I call your attention to veiling. In the years gone by we have been very large manufacturers of veilings. We are entirely out of the business now. All of the veiling that is now selling on a large scale is what is called chenilled veiling. These dots are put on by hand. To do that work in this country costs about 60 cents a thousand dots. We can not and do not ask for enough protection to allow us to produce that article here in competition with France. It is landed here to-day in large quantities at 20 to 21 cents a yard. One yard contains about 1,500 or 1,600 dots.

Senator McLEAN. What does it retail for?

Mr. SCHLOSS. Somewhere between 85 cents and $1 a yard.

Senator LA FOLLETTE. The total value of veilings imported in 1919 was $2,626; in 1920, $20,684; in 1921, $34,217.

Mr. SCHLOSS. Of course, you have the values there.

Senator LA FOLLETTE. Yes.

Mr. SCHLOSS. But when you take yardage or quantity, I think you will find quite an increase. We are in competition with France on this article.

Senator JONES. Is that article made in China?

Mr. SCHLOSS. No, sir.

Senator JONES. None of it is made in this country?

Mr. SCHLOSS. No, sir. We can not compete with veilings. We used to do a large business on it. This article [indicating] made by machine is somewhat like it, and costs us about 32½ cents a yard to make. If we had a sufficient amount of protection on this article which would prevent it being landed at 20 cents, we could sell our article at 32½ cents and 35 cents or 37½ cents.

Senator JONES. How much of your article did you produce?

Mr. SCHLOSS. In 1919 and 1920, I think, our veiling business amounted to possibly $600,000 or $700,000. Our principal business was in this article [indicating].

Senator JONES. You have been competing with that?

Mr. SCHLOSS. Up to the time of present conditions, when the protection which we had was wiped out.

Senator JONES. When did you first begin making this machine article?

Mr. SCHLOSS. In 1910. Really, in 1911 we started manufacturing.

Senator JONES. You were able to compete then, were you not?

Mr. SCHLOSS. We were able to compete to a certain extent only. We could make a low quality in competition with the better quality that they made on the other side. We could never compete with an article that represented quality, because there was too much labor in that, but we tried to imitate the imported articles with cheap domestic articles, and in that way did some business.

Senator JONES. How many concerns in this country produce the article you hold in your hand?

Mr. SCHLOSS. Nobody now. We have not sold any since last March. Van Raalte Co. were engaged in it, and a concern in Langhorne, Pa., the American Veiling Co.

Senator JONES. When did they begin to make that particular article?

Mr. SCHLOSS. The American Veiling Co. started in 1918, I think. Van Raalte started about the same time we did, in 1911. They started before we did. There was a concern that is now out of business, which started about 1909.

Senator JONES. Why did you start in a business in 1910 or 1911 when you knew in advance that you could not compete with the foreign product?

Mr. SCHLOSS. We did not know that, Senator. We thought we could. We had 70 per cent protection. Under the Underwood bill it was reduced to 60 per cent, and we could not have lived under the Underwood bill if it had not been for the war.

Senator JONES. What are you asking for now?

Mr. SCHLOSS. Sixty per cent on the American market valuation.

The CHAIRMAN. Your industry would have been ruined if it had not been for the war?

Mr. SCHLOSS. Absolutely, sir.

The CHAIRMAN. Under the Underwood bill?

Mr. SCHLOSS. Absolutely.

Senator JONES. You want 60 per cent on the American valuation?

Mr. SCHLOSS. Yes, sir.

Senator JONES. We will assume that this Chinese veiling costs 20 cents a yard.

Mr. SCHLOSS. There is no Chinese veiling here was talking about Chinese lace.

Senator JONES. This French veiling.

Mr. SCHLOSS. Yes, sir.

Senator JONES. It costs 20 cents a yard?

Mr. SCHLOSS. To land here.

Senator JONES. To land here?

Mr. SCHLOSS. And 60 per cent duty.

Senator JONES. If 20 cents is the foreign cost, at what price would that veiling have to sell in this country in order to pay a 60 per cent tariff on the American valuation?

Mr. SCHLOSS. To whom? To the wholesaler?

Senator JONES. How much would the wholesaler have to sell this article for, if he paid 60 per cent tariff based on the American valuation plan and allowed 25 per cent for overhead and profit?

Mr. SCHLOSS. About 44 or 45 cents.

Senator JONES. How do you make that?

Mr. SCHLOSS. That is not a competitive item.

Senator JONES. Under this bill it does not make a particle of difference whether it is competitive or noncompetitive. If you sell an article at a fixed price, and your tariff is based upon that price, it does not make any difference how you arrive at the price. The price is so much, and the tariff is so much of that price.

Mr. SCHLOSS. I figured that 60 per cent is about 150 per cent of the foreign market value.

Senator JONES. Sixty per cent is not 150 per cent. You want 60 per cent on the American valuation?

Mr. SCHLOSS. The wholesaler usually establishes his selling price on his goods when he imports them.

Senator JONES. Let me figure for a moment.

Mr. SCHLOSS. Yes, sir.

Senator JONES. If this wholesales at $1.33 a yard, and you take 60 per cent of that for your tariff, 25 per cent for your overhead and expense and profit of the importer, and your cartage and packing charges, it would leave you 15 per cent.

Mr. SCHLOSS. That is the same problem you gave me before. I can not figure it the way you do.

The few examples that I have shown you show that we require about 66 per cent, but we are asking for 60.

One other point is that in paragraph 1430 we should like to have, and we think you will see the justice of it, the words inserted "whether finished or unfinished." Those words are not included in the paragraph, and lace has very often been imported in the raw state, or in an unsewed condition, or unfinished condition of some kind, and I think those words should go in that paragraph, "whether finished or unfinished." We have written a letter to the committee embodying that suggestion.

The CHAIRMAN. The committee will give very careful consideration to your suggestion.

Mr. SCHLOSS. I think that is all, unless there are some further questions.

The CHAIRMAN. I think you have been fully questioned.

STATEMENT OF H. A. PHILLIPS, BRIDGEPORT, CONN., REPRESENTING THE AMERICAN LACE MANUFACTURERS' ASSOCIATION.

Mr. PHILLIPS. Mr. Chairman, I do not think I have anything to say in addition to what Mr. Schloss has said. I think he has covered the subject. I should like to submit this brief for your information.

The CHAIRMAN. It will be printed in the record.

(The brief is as follows:)

We urge your committee to increase the rate provided for our industry under paragraph 1430 of H. R. 7456 from 45 per cent ad valorem on American valuation to 60 per cent ad valorem on American valuation.

In granting the 45 per cent rate, as is shown by the Congressional Record of July 21, Hon. William R. Green, under whose supervision paragraph 1430 was prepared for the Ways and Means Committee, stated on the floor of the House:

"Even a rate of 45 per cent would not be sufficient to permit American manufacturers of laces to continue in business. Laces can be brought in at one-third the cost of domestic production."

The statement made by the Congressman from Iowa is an exact recitation of the facts, and it is because of the accuracy of this statement that our tariff committee is pleading with your committee to give us a higher rate, such as will afford us protection necessary to permit the industry to live.

In order that the committee may thoroughly understand the situation with relation to our industry, which is vastly different than that existing in most of the industries in the United States, we refer you to the following facts:

It was not until the passage of the Payne-Aldrich tariff bill in 1909 that it was at all possible to establish the lace industry in America, notwithstanding many unsuccessful attempts made prior to that, under an ad valorem rate of 60 per cent. Congress, in 1909, provided an ad valorem rate of 70 per cent and allowed lace machines to be admitted into this country free of duty for the period of about a year. This provision was made to encourage the creation of a lace industry in America and for no other reason. As the result of the adoption of the tariff law of 1909 there are to-day more than 600 Lever or go-through lace machines and approximately 1,000 circular lace machines engaged in this industry in this country, while prior to 1909 there were but 83 Lever or go-through machines and no circular machines.

These machines are located in Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Ohio, and Illinois.

It is interesting in this connection to note that as against the 600 Lever or go-through machines operating in this country there are approximately 9,990 Lever or go-through machines located abroad, in England, France, and Germany, and approximately 50,000 circular lace machines in Germany.

There is to-day invested in this industry an approximate capital of $21,000,000, with opportunity for employment for approximately 8,000 people, which number was actually employed until the great influx of foreign merchandise into this country made it impossible for the lace industry here to compete.

While it must be obvious that this is but an infant industry, it must nevertheless be remembered that it is in competition with years of experience in lace making handed down from one generation to the next and from father to son in many of the principal countries of Europe. In addition to the many thousands of men and women working on machine-made laces in Europe, there are many thousands of men and women still engaged in making laces by hand on the Continent, and it is reported that there are to-day one-half million persons in southern China engaged in making laces by hand. A very large part of this labor is about the lowest paid labor of Europe and the Orient. Laces are mainly made of cotton, silk, and linen, and other materials are also used, as fashions dictate. All the before-mentioned advantages of producing facilities and experience, combined with advantages in the procurement of raw materials, gives the European manufacturers a dominating advantage.

It can hardly be expected that a young industry of such endless variety, so complicated, and of such intricacy of manufacture as the lace manufacturing industry, where so much skill is required, should be able to compete with a competitor of more than fifteen times its productive capacity and more than ten times its age and experience.

We are submitting herewith examples which we believe will prove conclusively to your committee that the rate of 45 per cent on American valuation does not afford sufficient protection to permit our industry to continue.

Selling prices of American and foreign manufacturers.

	Selling price of American manufacturer.	Selling price of foreign manufacturer.	American valuation, rate of duty required.
	Cents.	*Cents.*	*Per cent.*
1. Veiling ..... per yard	7.64	2.42	68
2. Veiling ..... do	20.80	7.39	64
3. Veiling ..... do	19.38	5.28	73
4. Veiling ..... do	164.40	19.87	88
5. Veiling ..... do	5.53	1.26	77
6. Valencienne lace ..... per 12 yards	107	31	71
7. Valencienne lace ..... do	40	12	70
8. Valencienne lace ..... do	56	17	69
9. Valencienne lace ..... do	71	22	69
10. Valencienne lace ..... do	38½	12	69
11. Valencienne lace ..... do	50	15	70
12. Valencienne lace ..... do	146	40	72
13. Valencienne lace ..... do	30	11½	61
14. Valencienne lace ..... do	38	14.4	62
15. Valencienne lace ..... do	45	17.3	61
16. Valencienne lace ..... do	58	23	60
17. Valencienne lace ..... do	70	28.8	59
18. Assorted ..... per 144 yards	$9.95	$4.20	58
19. Cluny ..... do	21.65	9.36	57
20. Torchon ..... do	13.10	4.68	64
21. And filet ..... do	6.74	2.55	62
22. Laces ..... do	5.95	3.00	49
Average			66

From these examples it is obvious that the rate required in our industry is over 60 per cent ad valorem on American valuation. The samples applying to the above examples are on file with the Ways and Means Committee of the House of Representatives, where they were filed under date of February 18, 1921.

The great difference in the costs of these articles between the United States of America and the European markets is entirely due to the great difference in wages paid to the workers in the different branches of the industry, as made plain by the following schedule of comparative wages as presented to the Ways and Means Committee under date of February 8, 1921:

Comparative union wages in Lyon and New York, per week of 48 hours.

	Lyon, France.	New York, Liberty Lace & Netting Works.
Plain net weavers	$9.00	$50.00-$55.00
Lace weavers	9.00	55.00- 60.00
Warpers	6.50	42.00
Brass bobbin winders	6.50	30.00- 35.00
Silk winders	5.40	22.00
Threaders	6.00	35.00- 30.00

Comparative wages in Nottingham and New York.

	Nottingham, England.	New York, Liberty Lace & Netting Works.
Day work, per hour	$0.18	$0.69
Tying in warps, per thousand threads	.36	1.30
Weaving, laces or veilings (50-inch quality), per rack	.18	.40
Brass bobbin winding, per thousand	.12	.40
Threading, per thousand	.15	.50
Girl and boy learners, per hour	.09	.30
Mending:		
Per rack	.03	.10
250 racks	7.50	25.00
Draftsman, per week:		
Apprentice	6.00	15.00
Improvers	11.00	25.00
Draftsman	$23.00-30.00	$50.00- 80.00

We would like to direct the attention of the committee to the fact that all the members of our association are prepared at any time to permit of the freest inspection of their books and records and to supply this committee with any information in their possession to substantiate the statements made herein.

MADEIRA EMBROIDERY.

[Paragraph 1430.]

STATEMENT OF THOMAS M. LANE, NEW YORK CITY, REPRESENTING MANUFACTURERS OF AND DEALERS IN MADEIRA EMBROIDERY.

The CHAIRMAN. Please state your business.

Mr. LANE. I am an attorney and my office address is 149 Broadway, New York City.

The CHAIRMAN. What is your business?

Mr. LANE. I represent manufacturers of and dealers in Madeira embroidery. I speak for Mr. David Metzger, whose name appears in the list of witnesses.

The CHAIRMAN. Do you appear as a manufacturer or as an attorney?

Mr. LANE. I appear as an attorney.

The CHAIRMAN. Are you familiar with this business?

Mr. LANE. Senator Penrose, the obvious answer is that I am not a practical man. Mr. Metzger, who is a practical man, could not be here to-day.

We appeared before you when the American-valuation plan was under discussion, and at that time we submitted a brief which went into the facts that we desired to submit to you very fully. What I have to say is merely to recur very briefly to the propositions advanced at that time with reference to the rate imposed by paragraph 1430 on Madeira embroidery. It was intimated by one or more members of the committee at that time that a discussion of the question of rates was hardly germane to the question of American valuation, and we simply wish to call the rate to your attention.

The trade which I represent manufacture and import hand embroidery from the island of Madeira and adjacent islands. The product is what is known as Madeira embroidery. The names signed to our petition represent all or practically all of these concerns engaged in business in New York, which is to say substantially the Madeira embroidery trade of the country. We appear at this time merely to say that the rate of 37½ per cent imposed upon embroidery by paragraph 1430 of the bill will have to be materially reduced if the American valuation plan is retained, or the importing trade in this commodity will be wiped out and incidently $2,000,000 of revenues which the Government collects from it. The highest rate which this product will bear on the American valuation basis is 22½ per cent, which is the equivalent of 60 per cent on the foreign valuation, computed upon the normal ratio between foreign prices and domestic prices. This product has paid 60 per cent for 30 years. These importers have no objection to a continuance of that rate.

Senator SMOOT. Would that rate make 150 per cent on the foreign valuation or the American valuation?

Mr. LANE. The rate of 37½ per cent, Senator Smoot, as we have computed, would amount to about 135 per cent on the foreign

valuation. That would make necessary an increase in the wholesale selling price of the commodity of about 35 per cent without any increase in the normal wholesale profit. Even under the most favorable conditions of the industry no such an increase would be possible. Much less so when the trade is faced, as it is now, with an era of declining prices.

The most important thing in connection with Madeira embroideries is that they are an absolutely noncompetitive product with anything manufactured in this country in any fair sense. They are not produced here and never will be produced here in commercial quantities. They are a native product of Madeira, peculiar to the island, purely handwork, no machine work whatever on them, obtainable only in limited quantities, and could not be commercially produced in commercial quantities except by a class of labor such as is found among relatively primitive people, where you get the painstaking patience and skill in handiwork that is found among that population.

There is not only no compensating benefit to any American industry under this prohibitive rate of 37½ per cent ad valorem, but the result of 15 years of American industry and enterprise in developing the industry in Madeira and nearby islands will be wiped out. American capital has been very largely invested in Madeira and controls 75 per cent of the production.

Senator JONES. What is the wholesale price of that commodity in this country?

Mr. LANE. It is impossible to answer that question without some specific article being in mind. It consists of art linen, doilies, table covers, napkins, handkerchiefs, and things of that kind. There is an infinite variety of articles with a range in prices as wide as the variety.

Senator JONES. Would you have much difficulty in ascertaining the valuation on which a tariff should be figured under the plan as proposed by the House bill?

Mr. LANE. The industry has already expressed itself upon that subject, and feels that the difficulties of this plan would be absolutely fatal to its existence. I do not want to take up your time to discuss that now, for we have already spread it upon the record quite fully. The uncertainties of it are great.

Senator JONES. Have you discussed that before this committee?

Mr. LANE. We have discussed that before this committee.

The CHAIRMAN. That has been thoroughly discussed before this committee and is in the printed record.

Have you anything further to state? The hour is growing late.

Mr. LANE. I want to say that the industry employs a large number of people in this country to handle, box, launder, sell, and ship the goods. They are not in competition with any American industry.

The CHAIRMAN. That has been stated.

Mr. LANE. There would be a large number of people thrown out of employment.

The rate on embroidery should not be higher than 22½ per cent on the American valuation, if that plan is retained. It is appreciated that machine-made embroidery may, in the estimation of the committee, require different treatment. In that event, it would be a very simple matter to place a separate classification in paragraph

1430 for articles embroidered exclusively by hand. I think that is a class generally in which there is no competition with the domestic product, of a serious character at all.

I should like to file this brief for printing in the record.

The CHAIRMAN. It will be received and printed.

Mr. LANE. In the memorandum we submit we refer to our former brief. I merely wish to suggest that if it is more convenient to have that printed in this part of the record——

The CHAIRMAN. It is not. We can not reprint matter. You can refer to it.

Mr. LANE. We have referred to it.

The CHAIRMAN. That is all that is necessary.

Mr. LANE. That is all we care to do. I thank you very much.

BRIEF OF THOMAS M. LANE, NEW YORK CITY, REPRESENTING THE MADEIRA EMBROIDERY INDUSTRY.

The signers of this memorandum, who are manufacturers and importers of Madeira embroideries, submitted to your committee on July 27, 1921 (Committee Print, part 3, pp. 179–187), orally and in the form of a brief a protest against the adoption of the American valuation plan as impossible of application to Madeira embroideries, now made dutiable at 37½ per cent ad valorem in paragraph 1430 of H. R. 7456. The objections expressed at that time have not been lessened but confirmed by further consideration of the proposal. It promises to annihilate this industry and wipe out the substantial revenue which the Government derives from it, if adopted in anything like the present form.

Your committee has since announced that it favors the American valuation plan, although there have been intimations that the plan as tentatively adopted may be modified; to what extent we are, of course, not informed and assume has not been determined.

Nevertheless, while paragraph 1430 is under consideration, it is important to recur to an objection to the rate now proposed on embroideries, which is entirely independent of the merits or demerits of the American valuation scheme.

As affecting Madeira embroideries, the rate of 37½ per cent ad valorem is the equivalent of approximately 135 per cent on foreign valuation and would necessitate an increase of about 35 per cent in the wholesale selling price of the commodity without increasing the normal wholesale profit. No such increase in the selling price is now possible nor is it conceivable that it ever will be possible. This rate, or anything remotely approaching it, will destroy the import trade in Madeira embroideries and deprive the Government of $2,000,000 collected annually in duties. It will practically wipe out the commercial production abroad of these embroideries. This will be to the injury of American industry, enterprise, and capital, for American interests are dominant in the embroidery industry of Madeira and control 75 per cent of the production. A large number of people in the United States whose labor is required for handling, boxing, laundering, selling, shipping and distributing these goods after they arrived here will be thrown out of employment.

There will be no compensating benefit to any American industry. Madeira embroideries are not made in the United States and no product that is comparable or competitive in any fair sense is made here. Nor is there the remotest probability that anything like them will ever be produced in this country. They are entirely handwork of peculiar construction and design and are a native product of Madeira pure and simple. They require a patience, skill, and aptitude in handicraft possessed only by the local workers and not to be found except among relatively primitive populations. The quantity obtainable is at all times limited.

This product has paid a duty of 60 per cent ad valorem on foreign valuation for over 30 years, under the McKinley tariff of 1890, the Dingley Act of 1894, the Payne-Aldrich Act of 1909, and the Underwood-Simmons tariff of 1913.

This is the highest rate which any of the protective tariffs have imposed upon embroideries and your petitioners have no objection to its continuance. The rate of 37½ per cent on American value, as proposed in the pending bill, would considerably more than double the duty that has been collected for three decades, without advantage to any domestic industry and with great injury to an American enterprise abroad. As a revenue measure it would be selfdestructive.

These considerations were discussed in more detail in our brief filed on July 27, 1921 (Committee Print, part 3, pp. 179–187), to which the committee is referred.

If the duty is to be computed at the American selling price, a rate of 22½ per cent would be fully equivalent to the rate of 60 per cent on foreign valuation, which has prevailed for the last 30 years. This may be illustrated as follows, with reference to a typical article selling at $10 in the United States and costing $3.75 in Madeira:

Foreign price	$3.75
Duty at 60 per cent on foreign value, $3.75, or at 22½ per cent on American selling price, $10	2.25
Landing charges (including freight and insurance, customhouse entry fee, consular fee) and packing charges	.50
Overhead in United States, 20 per cent on the selling price	2.00
Profit	1.50
	10.00

Petitioners respectfully submit that no higher duty than 22½ per cent ad valorem should be imposed on embroideries, if the American valuation principle is to be retained.

In the event that it is desired to impose a higher rate on machine embroideries that may compete with those of domestic production, then we submit that hand embroideries, which are noncompetitive, should be given a separate classification in paragraph 1430, and to this end suggest that the following amendments be inserted in the paragraph as now framed.

H. R. 7456, section 1430:

1. On page 163, line 4, after the word "manner," strike out the words "hand or."
2. On page 163, at the end of paragraph 1430, insert the words:

"All the foregoing articles or fabrics embroidered or scalloped in any manner by hand, whether with a plain or fancy initial, monogram, or otherwise (except plain gauze or leno woven cotton nets or nettings, and materials and articles specially provided for in paragraphs 919, 1006, 1403, 1404, 1406, and 1424 of this act), 22½ per centum ad valorem."

(Submitted by Madeira Embroidery Co., Leacock & Co., Charles H. Streb (formerly New York Funchal Hand Embroidery Co.), N. J. Richman Co., and the Madeira Importers' Association, representing various firms located in New York City.)

LACE NETTING.

[Paragraph 1430.]

STATEMENT OF THOMAS J. DIAMOND, REPRESENTING THE AMERICAN BOBBINET CO., NEWBURGH, N. Y.

Mr. DIAMOND. Mr. Chairman, I don't think it is necessary to say anything. The other gentlemen have covered the subject.

Senator SMOOT. Do you desire to file a brief?

Mr. DIAMOND. Yes; I have a brief here which I should like to file with the committee.

(The brief is as follows:)

The undersigned manufacturers of lace netting respectfully submit for your favorable consideration sample and data relative thereto to prove the need of fixing a rate of duty sufficient to protect our industry from the very cheap kind of competition we have to meet from Asia and Europe, more especially, at this time, from Germany, where the rate of exchange is so low and equipment to supply this class of goods is so great, that unless adequate protection is given our industry, we must cease to operate our plants or reduce American labor to the level of Asia and Europe.

For 20 years we have been endeavoring to build this branch of the lace industry to proportions sufficient to care for our home wants, but could never meet European competition, especially in the finer grades, as the yarns used in the manufacture of these finer grades must be imported (our American spinners do not spin the very fine counts of yarns, in fact they do not spin finer than 120s, and these finer qualities, say a 50-hole net, are made of 200s), so our European competitors have such an advantage in cheaper yarns, not having to pay an import duty the same as we, they have always been able to undersell us, consequently, no attempt is made by American manufacturers to make these finer grades. Now, since we would have to pay duty

on the yarns needed to make these finer grades, we should at least get a proportional increase in protective rate. To produce the quantity consumed in this country we would require about 1,000 machines, and at the present time there are only about 50 here.

It can be easily understood that American capital will not lend itself to any enterprise which has such little chance of success unless the protection given this industry is sufficient to overcome the European manufacturers' advantage.

The attached is a sample of what is known in the trade as a 35-hole "Bretonne net" made with 40s single yarn in the bobbin and 80s two ply in the warp, all American yarns, and costs to make 25.10 cents per square yard. Now, if we add 10 per cent for profit and 8 per cent distribution, it will be necessary to charge $0.2981 for it.

A net similar to sample can be imported from Nottingham, England, for $0.1237 per square yard with exchange at $3.60 to the pound, and from Saxony, Germany, for about one-third of this price. You can see from these comparisons how impossible it is for us to continue in business unless we are sufficiently protected. This is a very popular selling grade, and all other grades, both finer and coarser, bear the same relations as to costs.

You will please note that there is a difference of $0.1744 to equalize this difference; if we are ever to make this grade of netting successfully in this country, we would require a 60 per cent rate of duty on the American market value, and 141 per cent on the Nottingham value, and about 400 per cent on the German value.

Now, if your honorable committee wants us to make this branch of the lace industry a success, give us the protection we need, and we will bend every effort to produce the quantity we require for home consumption.

The importation of yarns will provide as much revenue as the importation of the finished net.

We earnestly ask your favorable consideration of our appeal.

BROMLEY MANUFACTURING CO.,
Philadelphia, Pa.
AMERICAN BOBBINET CO.,
Newburgh, N. Y.
LIBERTY LACE AND NETTING WORKS,
New York City.

FINE GLOVE LEATHER.

[Paragraph 1431.]

STATEMENT OF A. R. WHITE, GLOVERSVILLE, N. Y., REPRESENTING THE FINE GLOVE LEATHER MANUFACTURERS.

Mr. WHITE. Gentlemen, I represent the fine glove leather manufacturers. We are about 40 in number. We produce about five or six million dollars worth of fine leathers. It is an industry that has been protected under the Payne-Aldrich bill and also under the Dingley bill at the rate of 20 per cent.

Prior to that time, under the McKinley bill and the Wilson bill, the rate of duty was 10 per cent. That was no protection to the industry itself. It simply brought 10 per cent revenue to the Government. The manufacturers at that time convinced Mr. Dingley or the committee that the industry needed protection in order to get the raw material to the glove manufacturers as nearly at home as possible. As you all know, being practical business men, the nearer the manufacturer can get to his raw material the cheaper the article can be produced.

So a 20 per cent duty was given us under the Dingley bill and also under the Payne-Aldrich bill. Under the Underwood bill we were reduced to 10 per cent. I must say for our Democratic friends that at that time glove leather, with the exception of two others, was the only leather that was protected. All others went on the free list except gloves, chamois and pianoforte. That protection

was not sufficient, however, and if it had not been for the war we should have been in bad shape. However, you can find from the records of importations of fine glove leathers during the years 1911, 1912, 1913, and 1914 just where we stood. I have them jotted down here. I believe I am correct in my figures.

In 1911 the imports amounted to $1,350,000. That was glove leather that was imported. It does not include chamois, which amounted to about $105,000. In 1912 there was imported $1,783,000; in 1913, $2,307,000 of fine glove leather and about $107,000 of the chamois leather.

In 1914 the importations amounted to $2,125,000. Practically all this leather was imported from Germany, the source of supply of fine leather. Then the war came, and in 1915 the importations dropped to $562,000.

Senator LA FOLLETTE. How much?

Mr. WHITE. $562,000.

In 1917 they amounted to $86,000; in 1918, $29,000. In 1919 the importations commenced to climb again and amounted to nearly a million dollars. In 1920 they did reach $1,000,000. For this year, 1921, we haven't the records.

We appear before you, gentlemen, to-day requesting, or suggesting, that if you are working under the foreign valuation we should receive a protection of 30 per cent; if under the American valuation, we feel that we should have 20 per cent; 20 per cent might perhaps be sufficient to protect the industry so as to give the glove manufacturers the raw material.

I have a brief here which was presented to the Ways and Means Committee and which I should like to file with you.

Senator MCCUMBER. That may be done.

The brief referred to is as follows:

The fine glove leather manufacturers respectfully urge that the rate of duty fixed by section 359 of the tariff act of October 3, 1913, usually referred to as the Underwood tariff, be increased from the rates fixed by said section at 15 per cent ad valorem on chamois skins and 10 per cent ad valorem on glove leather to a rate of 30 per cent ad valorem on chamois skins and a like duty of 30 per cent ad valorem on glove leather.

Prior to the passage of the tariff act of 1913 the importation of fine glove leathers, under section 438 of the then existing tariff law, included under the term "all other leather," was subject to a duty of 20 per cent ad valorem.

Under that rate of duty the fine glove leather manufacturers of Fulton County, N. Y., under the then existing trade and other conditions including the then prevailing rates of wages paid, were able, although to a more or less limited extent, to manufacture glove leather of the finer grades and qualities similar to that which was then being imported from Europe. The rate of exchange prevailing during that period did not militate against the American manufacturers.

Under that tariff, for the year ending June 30, 1911, the importations of chamois skins amounted in value to $133,384, and pianoforte and glove leather aggregated $1,356,153 and for the year ending June 30,1912,pianoforte and glove leather imported aggregated in value $1,783,950, and for the year ending June 30, 1913, just prior to the passage of the Underwood Tariff Act, the value of chamois skins imported was $105,522 and of glove leather alone $2,307,057 and for the year ending June 30, 1914 ,the value of chamois skins imported was $107,424, and of glove leather $2,125,645.

The importations referred to above demonstrate the ability of European glove leather manufacturers to compete with American glove leather manufacturers under the 20 per cent rate of duty to a serious extent.

By the tariff act of October 3, 1913, the present tariff law, the rate of duty upon glove leathers was reduced to 10 per cent ad valorem and by the same section the duty on chamois skins was reduced to 15 per cent ad valorem. It will be noted that for the first time glove leather and chamois skins are specifically mentioned and not included under the term "all other leather."

Section 359 of the tariff act of October 3, 1913, reads as follows:

"Chamois skins, 15 per cent ad valorem; pianoforte, pianoforte action, enameled upholstery leather, and glove leathers, 10 per cent ad valorem."

The outbreak of the war involving all of Europe substantially, and ultimately the United States, prevented to a very great degree and at times wholly the importation of European glove leather, thus preventing what glove leather manufacturers theretofore, and after the passage of the Underwood Tariff Act, believed inevitable, viz, the ruin of the industry of fine glove leather manufacturing in the United States.

Prior to 1915, a very large percentage of men's fine leather gloves was made in the United States from leather imported principally from Germany, except as to mocha and suede leather, of which Germany exported but little.

The process of manufacturing mocha and suede leather originated in Fulton County, as did later the chrome tan process by which washable glove leather is made. These processes were soon learned and adopted by Germany; the chrome tan extensively and the mocha and suede processes to a limited extent.

During the years from 1915 to the close of active warfare and since, as the following statistics show, the fine glove leather manufacturers of the United States were furnishing nearly if not entirely the leather from which all gloves manufactured in the United States were made, thus showing the rapid and possible development of this industry under more favorable conditions. A continuance of this development we firmly believe is not only possible but probable under a tariff rate sufficiently high to protect American manufacturers and labor.

The total importations of glove leather for the years 1915, 1916, 1917, 1918, 1919, and 1920 are as follows:

(1915–1916–1917, and 1919 are compiled from monthly reports running from January 1 to December 31 in each year.)

1915	$562,438
1916	301,345
1917	86,343
1919	789,098
1920—first 11 months	936,273

In 1918 the statistics of the Government show importations of only $29,559.

In 1919 and 1920 the principal amount of fine glove leather imported into this country came from the tanners of France and Italy.

Prior to 1914 the German tanners exported to this country over 75 per cent of all nappa and glace fine glove leather used in the manufacture of fine gloves in the United States.

CHARACTER OF BUSINESS.

There are about 40 fine glove leather establishments in Fulton County, N. Y., alone, representing an investment of capital of over $4,000,000. These tanneries during the year 1919 were employing about 3,500 men at average wages of $32.50 per week.

The business of manufacturing fine glove leathers has been a developing one under the encouragement given by prior tariff measures and has gone hand in hand with the development of the manufacture of fine gloves by the glove manufacturers of Fulton County, N. Y.

The manufacturers of fine leathers in the United States are producing the different leathers in every way equal and in some instances superior to any leather imported from European countries.

LABOR.

Labor is the principal element that makes up the difference in the cost of producing glove leather in this country and in Europe. In the manufacture of glove leather the quality of the leather is the main requisite. Machinery can be used only to a limited extent. In order to produce good leather, it is necessary to have the greater part of the work done by hand labor in order to produce soft, pliable, supple, mellow and stretchy glove leather, and good results can be produced in no other manner.

Germany in the past has been the main competitor of the United States because it was from Germany most of the glove leather was imported. The scale of wages in Germany at the present time can not be obtained with any degree of accuracy, for Germany, its industries, and its labor conditions are undergoing from day to day changes due to the ravages of war and the readjustment following the same. However, it is reasonably safe to assert that the wages of the workers in the leather factories and tanneries in Europe are at least 50 to 60 per cent lower than are wages in this country for corresponding and similar work. In addition, in the past, and probably that condition now exists and will to an even greater extent exist in the future, women do considerable of the work in leather factories, and besides that, the apprentice sys-

tem is used there and elsewhere in Europe, in which only a nominal wage is paid. In the manufacturing of fine glove leather in the United States there are no women leather workers employed and no apprentice system obtains. Again, the hours of labor in Europe formerly were from 10 to 12 hours a day, while at that time 9 hours and later 8 hours constituted a day's work in this country.

In addition to the above, the various chemicals and coloring ingredients cost the American manufacturer more because, until comparatively recently, he was compelled to pay a duty on chemicals and coloring ingredients the manufacture of which had not then been developed and perfected in this country.

It is clear that the principal and main feature in expense to the American manufacturer as compared to the European manufacturer is the item of wages.

In the United States the manufacture of glove leather is competitive.

All of the fine glove leather is made in the United States from raw stock purchased abroad for the reason that fine glove leathers can only be produced from sheep or lambs of a hairy nature, none of which are raised in the United States, and consequently the industry here is at a disadvantage as compared to countries producing them, especially Italy, France, and England, each of which countries produces certain kinds of that nature of raw stock within its boundaries or in its colonies, and Germany, which is nearer the countries producing that kind of raw stock than is the United States; and again at all times, and especially now and probably continuing for some time, the rate of exchange is another serious question to be considered.

It is true that all foreign currency has depreciated, but in no country has it depreciated internally to such an extent as is indicated by the foreign exchange value of our dollar, and this makes it possible for a foreign manufacturer who is able to use his own national raw material produced near by and his own national labor to have even greater advantage than was formerly the case.

Formerly Italy manufactured but little fine glove leather which came here, but during the past year of 1920 the records show that about $1,000,000 worth of Italian glove leather was imported into this country.

Millions of dollars have been spent in the perfecting and improvement of the fine glove leather tanning industry in the United States.

Fine glove leather used for the manufacture of fine gloves is classified as follows: Glace, lambskin; nappa-tan; freized mocha and suede, and chamois.

The fine glove leathers above classified imported into the United States come either colored, in the white, or in the crust. The words "in the white" and the words "in the crust" above mentioned should be contained in the tariff provision as finally written in order that the Government may not be deprived of the fixed rate of duty covering the above classified fine glove leather by the importer declaring that such "in the white" or "in the crust" leather entering the United States has been imported for purposes other than use in the manufacture of fine gloves.

EFFECT OF FAILURE TO INCREASE TARIFF ON FINE GLOVE LEATHERS.

Unless the present existing tariff of 10 per cent ad valorem be increased to at least 30 per cent there are two alternatives left to the American fine glove leather manufacturer, viz, either the reduction of wages to the European level based on existing rates of exchange or the discontinuance of this class of manufacturing. In either instance labor is injured as well as the manufacturer.

If the manufacturing of fine glove leather in this country is injured or destroyed it will give to the European glove leather manufacturer the uncontrolled American market subject to no competition or regulation and leaves him free to charge whatever prices he sees fit for his product.

The requested and desired duty of 30 per cent ad valorem would not be prohibitive. The glove leather manufacturing is a highly competitive business, so that no pretense could be made that it is any way restrictive in its prices for its product.

The proposed duty would permit the American manufacturer to pay American wages and carry on his business with a consequent steady development and increase both as to the amount and value of product and as to wages.

The proposed duty would not render necessary any advance in the retail price of fine gloves. On the contrary, the development of the industry of manufacturing fine glove leather would assure the glove manufacturer of a steady supply obtainable without delay and at prices necessarily reasonable because of the competition between the fine glove leather tanners. If, however, the necessary rate and tariff is not fixed so as to preserve and develop this industry, but a short time will elapse before the American glove manufacturer will be dependent entirely upon the caprices of the European tanners and the manufacturers' prices for the finished fine gloves will be entirely dependent upon the price he is then compelled to pay for the imported foreign fine glove leather.

LEATHER BAGS AND LUGGAGE.

[Paragraph 1432.]

STATEMENT OF SAMUEL F. LEBER, REPRESENTING K. KAUFMANN & CO., NEWARK, N. J.

The CHAIRMAN. State your business.

Mr. LEBER. I am the attorney and representative of K. Kaufmann & Co., a New Jersey corporation engaged in the business of making leather luggage, bags, and suit cases.

The CHAIRMAN. Do you represent them as an attorney?

Mr. LEBER. Yes, sir. Mr. Kaufmann is here personally, and if there are any technical questions upon which I can not make answer, he will be glad to do so; but I do not think there will be.

The CHAIRMAN. Make your statement brief.

Mr. LEBER. I will confine myself within 10 minutes.

The CHAIRMAN. All right, sir.

Mr. LEBER. It is stated in the calendar for to-day that we are interested in three sections of the proposed tariff bill, but that is an error. We are really interested only in paragraph 1432, which deals with the specific articles that we manufacture.

We have been engaged in this business for about 40 years, and upon learning of the proposed provision contained in the section just named we conferred with other persons engaged in the same line of business, and we have come to the conclusion in comparing figures that the proposition of levying an impost on what we call nonfitted articles of 25 per cent ad valorem, and 30 per cent on the fitted articles, is not sufficient protection to our industry. I have been here all day, and I have listened to all kinds of discussion upon the question of what the tariff ought to be on different industries. I came to the conclusion that it is an incontrovertible fact that our industry is in the very same position as any other industry in this country—that is to say, that we are proportionately affected in the same way by the same conditions now pertaining to any other industry; that the high overhead cost, the high wages that we pay in this country, make it impossible for us to compete with the European-made article if the impost to be charged will only be 25 per cent on nonfitted bags and luggage and 30 per cent on fitted bags and luggage. The trade generally feels that a proper impost would be 60 per cent on the nonfitted article and 65 per cent on the fitted article.

As a concrete example of whether our opinion is worth while or not, I brought down a small case which is made in Germany. It is called a vanity case. It has been imported. It is fitted, as you will see, with nice-looking fittings, such as brushes, different kinds of bottles, a very nice mirror, and several similar articles. As you will see, this article was obtained from a dealer in this country who imported it for $10. Here is his bill. We can make this very same article. We are not afraid of the competition as to the quality of the goods or the quality of the fittings. We have figured out on our cost sheet that if we made this article as it stands now it would cost us, without figuring the overhead, $10.53.

Senator CURTIS. It sold here at retail for what price?

Mr. LEBER. $10.

Senator JONES. At retail?

Mr. LEBER. Yes, sir.

Mr. KAUFMAN. That is manufactured and sold here cheaper than I can make the goods.

Mr. LEBER. What is true as to that article is true, relatively speaking, of every bag that you can think of, large handbags, or any sort of luggage.

Here is an advertisement that appeared in the New York Times last August, which speaks volumes, and I have cut it out and pasted it in the short memorandum that I have here ready to submit. They advertised London-made goods—this is Saks & Co., of New York—"featured Monday, men's London-made fitted suit cases at $88.25, including tax. One of the finest suit cases we have received from the hands of the British craftsmen. Made with a thoroughness that assures a lifetime of service, in selected nut-brown cowhide, with sewed hinges and genuine leather lining. Complete fitted with 10-piece ebony-backed toilet set. Domestic-made suit cases of like quality heretofore sold at $150."

That is not a lying ad. It is true.

Senator LA FOLLETTE. What does "heretofore" mean?

Mr. LEBER. It means immediately before.

Senator LA FOLLETTE. Does that not mean the highest price sold at during the war period?

Mr. LEBER. It may be the highest price sold during the war period and may be that very article will be somewhat reduced by a small percentage, but even then we would not compete with our class of labor in this country and our cost of selling merchandise.

Senator LA FOLLETTE. Is not that advertisement for a special sale on that particular day at reduced prices?

Mr. LEBER. I suppose it was. That was last August. You will probably find they were carrying a regular lot without special sale that featured London-made bags fitted, as they advertise them for about the same price, may be a dollar or two more. We figured that in order to be able to compete with the London-made bags and the German-made bags, figuring the difference in our overhead and what the overhead is in the European countries, if you want to properly protect our industry under this competition you will require an impost of 60 per cent on nonfitted bags and 65 per cent on fitted bags.

Just one more argument, and I am through. If we were to get from Europe the different articles that go to make up a bag and its fittings, such as the lining, the fiber board, the trimming, etc., and we were to pay the duty on the imported ingredients, as I call them, the duty first imposed in the House bill, we could not make that article of the imported stuff for a price equal to the price that the imported competing article would cost with the low impost that is here proposed. It would cost us a good deal more to do that. Those figures have been gone into, and we believe this committee is in possession of facts that will substantiate our argument on this point. We trust you appreciate the thought that we have submitted to you, that we ought to have a larger duty than we enjoy at the present time on these different items, and we submit that in order to protect our industry we ought to have that large impost.

Those bags, gentlemen, are made largely by hand labor. There is very little machine work on them. You all know that we pay more

for our labor in this country than they pay anywhere else in the world, and we think we are entitled to that protection. We respectfully submit a short brief containing those points.

The CHAIRMAN. The brief will be received.

Senator JONES. You sell your handbag of similar quality at $150?

Mr. LEBER. Oh, no.

Senator JONES. The one referred to in that advertisement?

Mr. LEBER. We do not sell it at that price. I don't think we make as high a priced article as that in our factory, although we have the reputation of making a very good line of goods.

Senator JONES. But if you were to make the same kind of an article as is advertised there, you would expect to sell it for $150, would you not?

Mr. LEBER. On the present reduction, probably at about $120 or $125. You know, there have been reductions. There has been a reduction in the last year of 10 per cent in labor, and there has been a reduction in the cost of material as well, and we would have to come down on our prices proportionately.

Senator JONES. For the purpose of your hearing here you mention the price of $150.

Mr. LEBER. Yes, sir.

Senator JONES. If we figure a tariff on the basis of $150, the tariff being figured at 60 per cent on the American valuation, that would be 60 per cent of $150, or $90 tariff. Do you usually allow about 25 per cent for your overhead and other expenses?

Mr. LEBER. We make the customary allowance that every manufacturer does.

Senator JONES. Twenty-five per cent of that $150 for the overhead and importer's expense, etc., and if you allow 1½ per cent for your packing and carting charges, you will have a total of $127.50. That would leave only $22.50 as the foreign cost. Do you think you need that much protection, which would figure up to $90 on an article procured abroad at a cost of $22.50? Do you think you need $90 protection on that?

Mr. LEBER. The trouble I find with the Senator's question is that you are taking a tariff on a supposed price of $150, which is the retail price.

Senator JONES. What is the wholesale price?

Mr. LEBER. We started with a figure which is somewhat different from that. I do not know the exact figure, but suppose you take a bag that we make in this country at a cost, including the overhead and all the other items you have just referred to, of $30.

Senator JONES. $30 is the wholesale price?

Mr. LEBER. Yes, sir. That bag fitted might cost us $45. Let us take the unfitted bag at $30. We have compared that to a European bag costing a price far less in proportion than the cost to us, but more than the present proposed impost, but if you impose a duty of 60 per cent on the article that they produce then we could compete with them.

Senator JONES. Do you mean American valuation?

Mr. LEBER. Yes, sir.

Senator JONES. You say the wholesale price is $30.

Mr. LEBER. Yes, sir.

Senator JONES. Sixty per cent of that would be represented by the tariff?

Mr. LEBER. No, sir. That is our price of $30. You have to go to Europe to find out what they produce that article for. It is our belief that that same article which costs us $30 in this country costs the European manufacturer probably not as much as $20 to produce.

Senator JONES. I am trying to get at that.

Mr. LEBER. When that man produces the $20 article and brings it over to our port, we can not compete with him.

Senator JONES. We have an article here that is sold at wholesale for $30.

Mr. LEBER. Yes, sir.

Senator JONES. We will assume that on the American market, or under the American valuation plan, if that is a foreign article, 60 per cent of that $30 is represented by the tariff?

Mr. LEBER. Yes, sir, that is correct.

Senator JONES. Which would be $18?

Mr. LEBER. No, that is not right. Yes, it would be $18.

Senator Jones. $18 would represent the tariff?

Mr. LEBER. Yes, sir.

Senator JONES. If the dealer gets 25 per cent of the $30 for his expense, profit and so on, he would get $7.50, would he not?

Mr. LEBER. We could stop right there without going any further.

Senator JONES. But we do not stop there in actual business.

Mr. LEBER. We do stop right at that point, so far as the manufacturer is concerned, for the manufacturer sells that article at $30.

Senator JONES. If the importer brings it in he gets 25 per cent, so that would be $7.50 to be added to the tariff or $25.50. There is usually allowed another 1½ per cent for packing and cartage, which would be 45 cents more, or in round numbers $26 altogether, leaving the cost of that foreign article which sells at $30 on this market only $4 where it is produced. Do you want that much protection?

Mr. LEBER. We do not want any greater protection than the plan would figure out on the equivalent basis that the prices will be equal.

Senator JONES. What is the fault with my figures there? If the foreign article sells for $30 on the American market, and you want a tariff of 60 per cent on the American valuation plan, you said that tariff would be $18. If you allow that dealer the usual profit of 25 per cent that would be $7.50; and if you allow the cartage charge it would be 45 cents more, which would make $25.95, leaving $4.05 as the cost of the article on the foreign market.

BRIEF OF SAMUEL F. LEBER, REPRESENTING K. KAUFMANN & CO., NEWARK, N. J.

I. K. Kaufmann & Co. is a New Jersey corporation, owning and operating a large leather bag factory at Newark, N. J. It has been engaged in this business for a great many years and employs between three and four hundred hands. It is particularly interested in paragraph 1432 of Schedule 14 of the proposed tariff bill, and it urges that the proposed tariff of 25 per cent ad valorem for nonfitted bags and 30 per cent for fitted bags is far too low to adequately protect this industry against a strong European competition. In its judgment, an ad valorem duty of 60 per cent on nonfitted and 65 per cent on fitted bags would properly protect this industry.

II. Since 1914 the wages paid in our factory have increased from 100 to 150 per cent and have within the last year only been reduced 10 per cent. Our overhead, which includes expense of selling merchandise, is still very high, and it seems that it will remain high for some few years to come. Our industry is the subject of keen domestic competition, for the reason that a large number of small manufacturers have sprung

up in this country. Although it is known throughout the trade that we manufacture a fine line of merchandise, yet we are compelled to admit that European made bags are better from every point of view than bags made in this country; they are better from the standpoint of material, and they are better from the standpoint of workmanship. If, therefore, in addition to domestic competition, the American-made traveling bag and suit case will be confronted by the imported article at a price equal or even a little lower than our product our industry will be threatened with ruin. So far, the conditions resulting from the war have protected our industry to quite an extent, but it will not be long before our market will be flooded with the imported article, to the dismay of the American-made merchandise, unless we will be protected as quickly as possible by a sufficient duty.

III. Another point that must not be lost sight of is the fact that leather luggage is largely made by hand labor and that very little machine work is bestowed on it. A comparison of the cost of European labor with the wages paid in this country will disclose the fact that European labor is cheaper than American labor by more than the amount of duty proposed in the present bill.

If a duty will be imposed upon leather, the domestic leather will undoubtedly advance in price, and to that extent alone, the cost of production in this country will be much greater than in Europe.

IV. An ad valorem duty of 25 per cent on the nonfitted and 30 per cent on fitted bags is absolutely out of proportion to the duties proposed to be levied on the articles which go to make up a leather bag. If the committee will examine the proposed impost on the following goods: Metal locks and frames, silk linings, cotton linings, sewing threads, fiber board, celluloid fittings, cut glass fittings with gilded metal tops, mirrors, brushes, scissors and other like articles which go to make up modern bag fittings, it will find that if we were to import these articles so as to have the same merchandise employed by a European manufacturer, it would be impossible to make a bag that we could sell at a price equal to the price at which the imported bag can be sold in this country; and the only cure for this disproportionate and unfair conditions is to impose a duty of 60 per cent on the nonfitted and 65 per cent on the fitted bag.

V. At the time when the present tariff bill was introduced into the lower House the freight charged by ocean-going boats was still high, but since then freight rates have come down, and no doubt they will continue to come down, probably faster than we can reduce our overhead, and we therefore respectfully call the committee's attention to this important item as an additional argument in favor of the duty we advocate.

VI. We have conferred with many manufacturers of leather luggage in this country, and it seems to be the consensus of opinion in our trade that the only tariff that will guard this industry will be a duty of 60 and 65 per cent ad valorem.

We respectfully hope that the Senate will take these matters into consideration and adequately protect our industry against keen European competition.

STATEMENT OF A. KAUFMANN, REPRESENTING K. KAUFMANN & CO., NEWARK, N. J.

Mr. KAUFMANN. I am the manufacturer of this article, and I understand more about making the article than Mr. Leber does.

The CHAIRMAN. We are not hearing any argument.

Mr. KAUFMANN. I just wanted to set one thing right.

The CHAIRMAN. You are not called as a witness.

Mr. KAUFMANN. I understand what this argument means. We do not want a tariff on the American valuation. We want 60 per cent on whatever we can get them at.

Senator JONES. That is quite different.

Mr. KAUFMANN. Mr. Leber has not understood that. That is all we want.

The CHAIRMAN. What is your business?

Mr. KAUFMANN. I am Mr. Kaufmann, the manager of this company.

The CHAIRMAN. I beg your pardon, sir. I did not understand that.

Mr. KAUFMANN. We do not want anything on the American valuation. That will never work out right. When a manufacturer brings in a new style, which you would not know anything about until it would be sold at retail, by the time it would get to the cus-

tomhouse that is worth a good deal more. It would do harm. I feel that if we get sufficient protection so we know that no matter whatever comes in at all under the same basis, we are sufficiently taken care of.

The rate 8 or 10 years ago, in the old tariff, was 50 per cent on fitted goods, and later on it was reduced—eight years ago; I don't know just which bill it was. The war broke out, and it didn't have sufficient time to work out, because the American styles of luggage change every so often, and they were not equipped in Europe to make merchandise, because they needed all the leather for making war materials. As soon as they became a little more settled over there and men got back to their old positions and factories got reorganized, and the traveling public over in those European countries, which had been at a standstill, in which bags are used to a great extent, the country over there had to keep their men busy to supply their own trade. They are just beginning to find out that the American wants luggage, and there are American buyers who like to take a trip to Europe and would rather go over there and pay just a little bit more for the sake of going to Europe and having a good time for a couple of months and buying goods. They are trying to make some money for their concerns over there so they can go over. They go over there and buy these goods.

When they go over to Europe they find cities there which are almost altogether devoted to some particular kinds of goods, which we don't have in this country. Take Auerbach in Germany, and the whole city is devoted to the manufacture of leather goods. Buyers go from one house to another, and the manufacturers have their samples displayed. It don't cost them a cent to sell their merchandise. Under those conditions the manufacturer can sell his goods cheap.

In this country we take our goods out and retail them, spend money on our customers entertaining them, trying to get them to have a little good will for you so that you can get their business. We have to take out six or seven trunks. We are allowed 250 pounds baggage. We take six or seven trunks of these big bags, and we can put about 15 to 24 in a trunk. We have to go to the big hotels and try to make a bold front, because the old hotels had one big room and the big hotels have a number of little rooms. You have to take four or five rooms, and you have to display your goods and pay the porters and all the men more money than you would pay for a ride from Berlin to St. Petersburg, just for the tipping of porters throughout this country.

The CHAIRMAN. Does not prohibition save you considerable?

Mr. KAUFMANN. Sometimes if you could give your customer a drink you could more easily get his trade, I think.

To pay all those things costs us an awful lot of money. We have big jumps. We go from coast to coast. That is a big item. The cost of selling our goods is from 10 to 12 per cent.

Senator JONES. But you think 60 per cent on the foreign valuation would be sufficient protection?

Mr. KAUFMANN. Yes, sir.

Senator JONES. And you think the American valuation plan would cause you all sorts of trouble in its administration?

Mr. KAUFMANN. I certainly do.

Senator JONES. And you are a manufacturer of these goods?

Mr. KAUFMANN. Yes, sir.

Senator JONES. How long have you been manufacturing them?

Mr. KAUFMANN. I am about 40 years old, and I have been in there since I was 15. I have got experience all the way through.

If there were real honest experts in my line of business that understood them as well as the manufacturer, the American valuation would be a very wonderful thing; but the customhouse people don't know enough about merchandise to dissect an article. I can take two or three articles from different countries, and they would not see the difference, but if you would take the thickness of the leather or the quality of the silk, and the quality of the locks, and such as that, it would make a difference lots of times of from 20 to 50 per cent.

Senator JONES. You mean it might vary 50 per cent in the American wholesale price?

Mr. KAUFMANN. Yes, sir. When you get those articles together and the appraiser looks at them, and he appraises all kinds of things, and you ask him to take them and sit down and tell you how many feet of leather or how much silk is in it, or how much labor it takes, he will not know any more about it than I know about making those laces over there. If the importer is in the good graces of a fellow like that, he will say, "Oh, I guess it is all right; let it go through." The manufacturer sells it out, and all his other customers are complaining how the other fellow is selling imported goods. You go down there and the appraiser will say, "Well, I thought it was all right, but I will look into it. How much do you think it is worth?" That is too late. I think the plan is to find out what a fair duty is on each individual line of business. I hope I have made that clear to you, because Mr. Leber did not understand.

Senator JONES. I think you have made it very clear.

Mr. KAUFMANN. I have something in mind, in reading the tariff on the metal goods. It will only take a moment to explain. I would not explain it if I was not real sure I was right.

We at times have to meet foreign competition where they make certain locks and fittings of different things, and they laugh and say, "You fellows can't produce anything like that." The old tariff said that all metal goods, if they were gold or silver plated, would be 10 per cent, but somebody put in that tariff law "gold lacquered." Do you know what "gold lacquered" is? I will just show you in a minute what it is.

All brass goods, when they are polished, if they are not lacquered they will tarnish right away. They have to take a little lacquer like this and put it on and that keeps them from tarnishing. Now, in this combination of colors, if you put a little red aniline in there, and you take it and put it on a piece of brass which is yellow, that looks like gold. This one that I show you here has not been lacquered on top, but the sides have been. That is the whole thing, and I don't see why it was put in there. Somebody must have made a mistake. You take a little of this and put it on there and you have gold lacquer. If somebody should tell me why gold lacquer should pay any more than plain lacquer I would like to know it.

Senator JONES. I am sure the committee is glad to get such information as that.

Mr. KAUFMANN. I would not come here and mention that if I did not think it was fair. It is just aniline color. That refers to paragraph 393.

I am quite a practical man, if I have to boost my own self, because you gentlemen don't know me. Eight years ago I came down here on the leather schedule. It does not make any difference to me if leather is free or 50 per cent, because no matter if you raise the duty on leather 50 per cent, naturally we will have to pay more for leather. There is one thing that I would like to see done. There are a few concerns in this country that have a monopoly on seal leather made of seals. I was importing seal leather for a good many years, and they didn't like it because we got our own skins over there and dressed and grained them and put them up into leather goods, and we can produce them cheaper because we saved the extra profit. We gave them better merchandise for the same money than other people. These concerns came to Washington for the purpose of trying to put a duty on seals. I don't mind a duty on leather, but I don't like to see a discrimination. If you are going to put a duty on cowhides, then don't take off the duty on all leather and say, "Just show us you need protection on seals." I don't think it is fair.

BRIEF OF K. KAUFMANN & CO. (INC.), NEWARK, N. J.

During the hearing, one of the members of your committee, the Senator from New Mexico, put the question as to whether we ask for a tariff of 60 per cent on nonfitted bags and 65 per cent on fitted bags, based upon American valuation or based upon European valuation. Our counsel replied that the request we made was based on American valuation, whereupon the Senator drew an example by which he attempted to show that we were unreasonably high in our request. The computation he made seemed to our Mr. Kaufmann as indicative of too high a tariff, and he, without having an opportunity of proving the Senator's figures, and believing, for the moment, that the Senator's calculation was correct, arose and stated that our counsel was in error and all that he asked was a tariff on the above percentage, based on European valuation.

Since the hearing our Mr. Kaufmann has had opportunity to make accurate calculations and he finds that the testimony he gave before you on the point of European valuation is wrong, and that if a tariff of 60 per cent and 65 per cent, respectively, was based on European valuation, the American manufacturers of leather bags would not be sufficiently protected against European competition. Mr. Ary Kaufmann therefore desires to change his testimony in that respect and asks that the record be amended so as to show that the position he takes is based on American valuation. He makes this frank admission of error not only for his firm's sake but also in justice to the trade at large. He finds, on actual investigation, that the retailers importing bags from Europe are selling the imported article at a price equal to the wholesale price of the American-made goods and desires to submit the following example in further support of the brief already submitted:

A bag made in this country to sell at wholesale for $20 can be purchased at wholesale in Europe at about $10.89. Now, if you add to this price a tariff of 65 per cent on European valuation, plus 3 per cent landing expense, the price to the retailer of the European-made bag would be $18.30, whereas, if you add a duty of 65 per cent on the American valuation of $20, the same bag would cost the importer $24.22, which would result in the American manufacturer being able to sell his article in preference to the imported article. The same calculation above stated is true both in lower and in higher priced bags.

EMBELLISHED LEATHER GLOVES.

[Paragraph 1433.]

STATEMENT OF LUCIUS N. LITTAUER, REPRESENTING THE ASSOCIATED LEATHER GLOVE MANUFACTURERS OF THE UNITED STATES.

Mr. LITTAUER. I desire to call your attention to two lines of thought. First, I want to propose an amendment to the bill as it passed the House, and, secondly, I want to explain and justify the bill as it passed the House.

First, in all tariffs there has been an allowance in addition to the specific rates, beginning with the McKinley bill, of 50 cents a dozen for elaborate and costly sewing over and above the ordinary sewing, and for elaborate and costly embroidery and embellishment over the plain back of a glove.

The Dingley and the Payne-Aldrich bills allowed for each of these purposes 40 cents a dozen. When we come to the Underwood bill, on the elaborate sewing a reduction was made from 50 cents to 25 cents, while on the embroidery it was omitted altogether.

Now, through what I can plainly show was a misapprehension, a mistake, or an omission, the bill as it passed the House left out even the 25 cents a dozen for the costly sewing of gloves of the Underwood bill but replaced the old embroidery item at the same rate as the Payne-Aldrich bill and the previous Dingley bill. With that in mind, I desire to offer an amendment to paragraph 1433, line 19, by inserting before the word "Provided" the words "when sewed piqué or prixseam, 40 cents per dozen pairs."

That would be replacing the Payne-Aldrich provision.

If you care to know what this means, I have samples here showing the difference between piqué sewing, prixseam sewing, and the ordinary sewing. The ordinary sewing is done on a machine that runs at a very rapid rate as compared with piqué sewing where two seams are superimposed one over the other. That is one of the things which they say can not be done in the United States, but I want to say to you that we have done it in the United States.

That [indicating] is piqué sewing, and this is prixseam sewing, used in men's gloves. I request now that that item be replaced.

Gentlemen, with your permission, I should like to take up the justification for the House bill as it is. Gloves paid 50 per cent ad valorem before the McKinley bill. In the McKinley bill they paid 50 per cent ad valorem plus $1 on men's gloves. That $1 was the start of the American men's gloves industry, which has prospered here, and which has finally developed to the point where the men's glove to-day, as sold in the United States, is a better value at a cheaper price than any glove that can be imported.

I have personally for years implored the committees of Congress to do the same thing for ladies' gloves, but have never succeeded. Ladies' gloves have always been at a lower rate of duty than men's gloves.

During the period of 1909 to 1913 I felt that I had accomplished something, because I can explain to you that the operations for which protectionists asked are practically the same on the men's gloves as on the ladies' gloves. But the progress of tariff legislation brought us,

frankly, up to the point where we were compelled to ask for a specific rate of duty instead of the previous ad valorem rate of duty. In our attempt to succeed in persuading Congress to give us the specific rates of duty we were aided by the reputable importers. The reason that we asked for it was simply that under an ad valorem rate of duty the undervaluations were so extensive that the largest American houses of reputable, standard merchants had to go out of business. French and German manufacturers have agents in New York and goods were bought from them at prices based on undervalued values.

Since the Wilson bill we have had uniformly specific duties, and those specific duties, in order to meet various kinds of gloves, were divided into classifications. The first classification was as to leather; then there were classifications for men's, women's, and children's gloves, and then more or less elaboration of the glove, with the result that these classifications numbered so many that in the record of statistics of imports and duties running from 1908 to 1918 it took 273 paragraphs of different kinds to cover the various rates of duty.

Senator SMOOT. Are you objecting to the provision in the House bill?

Mr. LITTAUER. No, sir; I am trying to justify it.

Senator WATSON. Is anybody going to assail it?

Mr. LITTAUER. I do not know. I did not know whether you wanted to understand about it. I can drop that line.

Senator SMOOT. We understood it when the Payne-Aldrich bill was up.

Mr. LITTAUER. I will skip over this matter of classification entirely and bring myself down to just what we want.

In this bill, as it passed the House, we asked not only for practically the same Aldrich rates over again, but we also asked for an ad valorem rate of duty, and the basis of our demand for an ad valorem rate of duty can be stated in a few words. I shall not bother you on that score unless you care to hear me.

Senator SMOOT. Go on.

Mr. LITTAUER. Gloves have been imported for years at about one standard amount. The importations from 1898 to 1913 amounted, in value each year to $7,000,000—$100,000 up or down—and the duties collected during those years amounted on the imported gloves, based upon foreign valuation and a specific duty, to $3,200,000, or an average of 52 per cent ad valorem.

In 1920 the value of gloves had increased until in the calendar year there were imported $14,044,283 worth. That is about twice the former imports. But the duties had been falling from $3,200,000 to $1,297,000, or approximately $2,000,000. The duties had fallen off more than one-third, and as the value had doubled, the ad valorem rates now being collected are 14 per cent as against 52 per cent previously.

Senator SMOOT. The equivalent ad valorem.

Mr. LITTAUER. The equivalent ad valorem as given in these statistics computed on the ad valorem rate paid on duty.

On men's gloves the importations from 1898 to 1913 amounted to $600,000 yearly, with duties of $400,000, or an equivalent ad valorem rate of 66⅔ per cent.

In 1920 men's glove imports reached $665,687 in value, and the duties had fallen from $400,000 to $81,000, or down to 12 per cent ad valorem.

I want now to call your attention to the Monthly Summary of Commerce for 1920–21 which shows the imports of gloves in quantities.

In 1919 there were 338,821 dozen gloves imported; in 1920, 582,018 dozen; in 1921, 965,000 dozen, for the 12 months ending June 30.

Senator WATSON. That is, for the fiscal year?

Mr. LITTAUER. Yes. That simply shows you the way the importation of gloves has gone up. It has gone up and brought in less duty, and it is interesting to go one step further with reference to the progress of importations.

France imported in 1919 209,000 dozen; in 1920, 379,000 dozen; in 1921, 599,000 dozen. Germany, on the other hand——

Senator DILLINGHAM. France did what?

Mr. LITTAUER. Exported to the United States.

Senator DILLINGHAM. Oh.

Mr. LITTAUER. Now, take Germany. Germany's exports to the United States in 1919 amounted to 342 dozen, or practically nothing; in 1920 they jumped to 57,130 dozen; in 1921, they jumped up to 174,796 dozen, and each month this increase goes on. Since June there have been still greater exportations to the United States.

Senator LA FOLLETTE. Will you state the values?

Mr. LITTAUER. Do you mean by the year?

Senator LA FOLLETTE. Yes.

Mr. LITTAUER. The values in 1919 of all gloves imported were $4,882,000; in 1920, $7,920,000; in 1921, $16,486,000, and practically double in 1921.

Senator LA FOLLETTE. For how many months?

Mr. LITTAUER. That is for the one year ending June 30, for each of these years. That is the total. I am reading from the Monthly Summary of Foreign Commerce for the 12 months ended June 30.

Gentlemen, please notice that each year the imports are doubling—actually doubling. They have gone from $4,800,000 in 1919 to $7,000,000 in 1920 and to $16,000,000 in 1921.

Senator DILLINGHAM. How much does that reduce the cost at retail?

Mr. LITTAUER. If you want me to go into that side of the subject, I beg to tell you that the importation of gloves is an exceedingly profitable affair. They are brought in to meet the styles required by the ladies. If you take a glove that was worth last June, we will say, $48 a dozen, it now sells for $64. That would be the same line of gloves. Gloves that were brought in about August, including a duty, at $40, have jumped up because the ladies want to wear the black kid glove at this time without increase in landed cost. The glove in the fancy and luxurious line that pays the least amount of duty in dollars and cents is selling at an exceedingly high price, while the cheaper glove, the common glove, which is to-day not greatly demanded by wearers because it has been largely driven out by the cotton glove, has gone down in price to such a point that the manufacturer can not dream of competing. That condition arises very strongly by reason of the fact that there has been such depreciation in the currencies of the world.

Senator SMOOT. Didn't you cover that the other day, Mr. Littauer?

Mr. LITTAUER. I did in connection with cotton gloves.

Senator SMOOT. I thought you covered it very fully.

Mr. LITTAUER. The result is that we asked before American valuation was being considered, or before a conclusion had been reached by the House, that in addition to the specific rates of the past there be given us ad valorem rates, so that the rate will be not less than 60 per cent ad valorem. The men's gloves have paid 66⅔ per cent in the past and the ladies' gloves 52 per cent.

The Fordney bill, as passed by the House, allowed us 37.5 per cent, American valuation, which is practically the same thing.

We believe that the only way you can overcome the depreciated currencies of Europe is by granting ad valorem duties based upon the American valuation, and we trust that in your wisdom you can follow out the scheme carried out by the House. We need more protection to-day than we needed before the war.

When the Underwood bill was framed or when the Payne-Aldrich bill was framed the wages were lower in the United States than they are to-day by far. In fact, the wages we pay to-day in the United States are at this very moment about 95 per cent higher than they were in 1912, 1913, and 1914. They have gone up 110 or 112 per cent. We made one reduction of 12 per cent, and our people have, of their own accord, made a further reduction to take effect after the 1st of January, of from 6 to 10 per cent, in the hope that they may be able to get regular employment.

The production of American gloves, while the tide of imports was being doubled, has this year dropped to about 40 per cent of its ordinary value, and the number of dozens manufactured is about 25 per cent of what it was, with the result that we have distress beyond measure in the community devoted entirely to the manufacture of gloves; that is, in Gloversville and Johnstown. The worst of it is that we have been brought right up to the coming year of 1922 practically without a single order. We do not know how we can employ those who are on our force. We have only given them intermittent work two or three days a week this year. The future has brought us to a standstill. There are no orders in for next spring.

Senator WATSON. What orders do you generally have at this time of the year?

Mr. LITTAUER. My firm has usually been sold out by the 1st of January, and surely by the 1st of February.

Senator WATSON. For the whole year?

Mr. LITTAUER. For the whole year. The jobbers throughout the West come to us in December and place their orders for the next year. They have usually placed their orders for spring in August and September. This year they have not placed any. That is because of the uncertainty with regard to the tariff, for one thing, and the flood of goods coming in that we can not compete with, for another.

Senator SMOOT. You ask for 40 cents a dozen for the elaborate sewing?

Mr. LITTAUER. Yes.

Senator SMOOT. Isn't there a provision there that covers that?

Mr. LITTAUER. Members of the House committee thought that sewing was included in that.

Senator SMOOT. What do you call embellishment?

Mr. LITTAUER. Embroidery of that character of stitch [indicating]. That is known in the trade as embellishment. Embellishment would be such a stitch as this, with a spear point on it. That is hand work.

Senator SMOOT. Wouldn't embellishment be this sewing?

Mr. LITTAUER. No. At any rate, every tariff bill prior to this time has included the words piquè and prixseam in a provision therefor.

Senator SMOOT. What is your amendment?

Mr. LITTAUER. I want this inserted on page 164: Insert before the word "Provided" the words "when sewed piquè or prixseam, 40 cents per dozen pairs."

Senator SMOOT. When you say "embroidered" or "embellished" is there any need for any further proviso? If you just add those words, won't that suffice?

Mr. LITTAUER. I do not believe that the customs officials will allow that interpretation. At least, they have never done so in the past.

WOMEN'S LEATHER GLOVES.

[Paragraph 1433.]

BRIEF OF T. R. LEWIS, REPRESENTING THE ASSOCIATION OF GLOVE IMPORTERS, NEW YORK, N. Y.

We respectfully submit that the rates of duty on women's leather gloves (par. 1433), provided for in the tariff bill (H. R. 7456) as passed by the House of Representatives, would, if enacted, be unreasonably burdensome, and would add greatly to the selling price of gloves that the women of the United States must have as necessary articles of wearing apparel. These rates of duty now in the bill would add from $1 to $1.50 per pair to the cost of the most popular women's lightweight short kid gloves, worn by women in all circumstances.

Women's kid gloves are known to be actual necessities and in no sense luxuries. No better evidence of this is needed than the fact that under the existing war revenue act, which because of the extraordinary need for revenue at the time of its enactment taxes the sale of luxuries wherever possible, no such luxury tax is put on women's kid gloves.

There is no occasion whatever, from any viewpoint, for the imposition of such rates as are now written in paragraph 1433. The Payne-Aldrich tariff of 1909 is well known to have been the highest protective tariff in our history. To impose now on women's kid gloves a duty more burdensome than that of the Payne-Aldrich tariff could not possibly be justified. The rates now provided for in paragraph 1433 are almost prohibitive, and if enacted would cause importations to decline to a very small percentage of their present volume.

Paragraph 1433 of the tariff bill as passed by the House of Representatives reads as follows:

"PAR. 1433. Gloves made wholly or in chief value of leather, whether wholly or partly manufactured, shall pay duty at the following rates, the lengths stated in each case being the extreme length when stretched to their full extent, namely, men's gloves not over twelve inches in length, $4 per dozen pairs; and women's and children's gloves not over twelve inches in length, $3 per dozen pairs; for each inch in length in excess thereof, 50 cents per dozen pairs: *Provided*, That, in addition thereto, on all of the foregoing there shall be paid the following cumulative duties: When lined with cotton, wool, or silk, $2.40 per dozen pairs; when lined with leather or fur, $4 per dozen pairs; when embroidered or embellished, 40 cents per dozen pairs; *Provided further*, That all the foregoing shall pay a duty of not less than 37½ per centum ad valorem: *Provided further*, That glove tranks, with or without the usual accompanying pieces, shall pay 75 per centum of the duty provided for the gloves in the fabrication of which they are suitable."

A SPECIFIC DUTY ABSOLUTELY NECESSARY.

This paragraph should be amended by striking out the provision "that all the foregoing shall pay a duty of not less than 37½ per centum ad valorem." The effect of this clause would be, if enacted, to make the duty on women's kid gloves ad valorem rather than specific, as to almost all of the importations. It would also in effect make the duty higher than it has ever been before in the history of the country. It would, in fact, mean an increase over the rates of prior tariff laws of from 300 to 500 per cent. Such a tremendous increase is contrary to the avowed purpose of the pending bill. It would be detrimental to the revenues as well as very burdensome to the American women.

Ad valorem duties on leather gloves are, in fact, entirely impracticable. They were tried for a number of years and proved to be a costly failure. It is impossible to fairly determine actual values, because the leather in the gloves is a natural product that is constantly varying and fluctuating in quality and value. Every shipment of such gloves from abroad varies considerably in value from every other shipment. Even when successive shipments of gloves are made in the same place from a standard grade of leather there is so much variation in value that an attempt to assess an ad valorem rate of duty would result in chaos.

A number of years ago ad valorem duties on leather gloves were enacted. The efforts to collect them, however, led to expensive and vexatious litigation and resulted in so much confusion and difficulty that about 25 years ago such duties were changed from ad valorem to specific rates. This change was demanded by the appraisers and collectors of customs, because of their experience with the constant complaints and with the losses and annoyances to the Government under an ad valorem duty. It was only after careful consideration and because of insuperable difficulties of administration that the change was made. There would be even greater difficulty to-day in attempting to collect an ad valorem duty, and to attempt to do so would be an expensive mistake for the Government, bringing another long train of disputes and trials. Specific rates have now prevailed for many years, during the Dingley as well as the Payne-Aldrich tariff, are still in existence, and have throughout been entirely successful, enabling the Government to get the full amount of the duties without friction or litigation, since the specific rates necessarily avoid all doubts and disputes incident to questions of value.

THE NECESSARY AMENDMENT.

This paragraph 1433 should be amended by striking out the clause above quoted, providing for ad valorem duties, and also by changing from 50 cents to 25 cents the rate for each additional inch above 14 inches, as was provided for in the Payne-Aldrich tariff. The rate of 50 cents for each additional inch in length is unreasonable and out of all proportion to the basic rate, and the rate of 25 cents for each additional inch is fairly in proportion and would assist in making the scale of duties about as they were under the Payne-Aldrich tariff of 1909. The rates of this former high tariff should not be exceeded now.

It was stated in an argument submitted by certain manufacturers of leather gloves in this country that a higher duty than that which now prevails under the existing tariff would enable them to manufacture kid gloves for women as fine in quality, finish, and style as the imported articles which women have required for many years. But the American people have not lost their memory and they know that the Dingley tariff of 1897 and the Payne-Aldrich tariff of 1909 established high protective duties to give all possible encouragement to domestic manufacturers to produce, if they could, leather gloves for women that women would wear.

There is but one locality in the whole United States in which leather gloves are made in any quantity, and the manufacturers in this locality have been for a generation (from the McKinley tariff of 1890) demanding, and most of the time receiving, protective duties on women's leather gloves, with the promise that they would establish in this country the manufacture of such gloves to meet the demand of American women. These manufacturers have had the benefit of high protective duties continually for many years, but have completely failed to manufacture the light-weight leather gloves of the style and finish that American women insist upon wearing. The American manufacturers have succeeded in producing heavier leather gloves for men's wear and practically all kinds of working gloves, and have given special attention to the development of a large and prosperous business in such articles. Since long experience and repeated efforts have proven conclusively that the light-weight kid gloves for women's wear can not be manufactured successfully in this country, it would be entirely beyond the bounds of reason for Congress to impose now an

additional and annoying burden upon all the women of the United States with the idea that this will assist a few manufacturers in one locality to experiment further with a proven failure.

The women of the United States have endured heroically the deprivations and losses of the war period, and during the struggle to maintain their homes and keep up appearances have borne without complaining the heavy burden of taxes made necessary by the requirements of the United States Treasury. Now, when they are demanding relief from burdens of taxation, what excuse could be given for imposing upon them a new and irritating tax, of which they would be frequently reminded, and which would yield not increased but decreased revenue to the Treasury?

WHY THE REQUIRED GLOVES ARE MADE BETTER IN FRANCE AND OTHER COUNTRIES.

The American women need the imported light-weight kid glove because of its greater delicacy of texture, style, and finish. They demand the imported glove because it is the only one made to meet their requirements. The glove is an essential part of a woman's apparel, necessary for health, comfort, and personal appearance. It can not be demanded of American women that they be satisfied with a glove of domestic manufacture that does not compare in quality or appearance with the imported article, and an attempt to compel such usage by mere force of taxation would be merely annoyance to no useful purpose.

The gloves of superior style and finish that the American women demand are made in certain foreign countries—France especially—principally because of the greater skill and care of the labor there. In France all the work incident to the making of women's kid gloves is the result of the experience of a great many years. The industry is for the most part a village industry, carried on largely by the same families generation after generation, a great deal of the work being done in the homes of the people. Years of such training are required before the most patient and careful labor can acquire the skill necessary for making light-weight gloves.

Our labor in the United States has never developed the patience and devotion to the task that must be the basis for acquiring the skill necessary to make such gloves. In fact, skilled artisans have been brought into this country from France at various times to make from imported skins the same sort of gloves they made in their native country, but the result has been that away from the habits and customs of their native villages they could not maintain their former skill and care and could not make gloves of the desired quality here because of lack of collaboration by different allied operators, such as exists only in centers where the industry originated and where it constitutes the livelihood of a large percentage of the inhabitants.

GLOVES FROM FRANCE NECESSITIES FOR AMERICAN WOMEN.

The women's and children's leather gloves which would be made so much more expensive by the provisions now in the tariff bill are articles of necessity. The statement sometimes made that the imported gloves for women are merely articles of luxury is thoroughly misleading. About 90 per cent of the imported leather gloves for women and children are light-weight gloves, which can not be manufactured in the United States. They are bought by women in moderate circumstances in all parts of the country, and are so bought because the women find it necessary to have them for certain seasons and circumstances in which the gloves of domestic manufacture can not possibly be made to serve. Light-weight leather gloves are as much necessities for women as are light-weight leather shoes. Necessities are such because they are found indispensable by the people. If our American manufacturers of shoes found themselves after many years of experiment unable to produce a light-weight, neatly fitting, stylish shoe to meet the requirements of women, would anyone propose to put a heavy tax on shoes imported to meet the requirements?

HIGHER PRICES FOR SUCH NECESSITIES WOULD BE INTOLERABLE.

In all parts of the country the people are demanding reduced prices and lower cost of living. Increased prices have brought lessened purchases. Prices must be adjusted to the buying power of the general public, which has been reduced. To-day the most vexatious burden upon the great majority of the women of the United States is the cost of providing the articles of wearing apparel necessary for maintaining a suitable appearance. The American woman, however, will not willingly lower her standard of living, and it would be a public misfortune if she should be compelled to do so. If the gloves she needs are made more expensive, she will buy fewer, but she will have the style and quality she wants, if possible. Under such a high duty

on kid gloves as is proposed in the pending tariff bill the importations would decline greatly and the revenue correspondingly. The higher cost of the imported gloves caused by the tariff would, of course, put up the selling price of the domestic glove.

The special object of the pending tariff bill is to provide additional revenue from imports. The special purpose of the women of the United States is to put themselves in a position to buy necessary articles of wearing apparel, including imported leather gloves, at prices within their reach. Both of these necessary purposes will be served by enacting the rates of the Payne-Aldrich tariff on women's leather gloves. These rates are not less than 50 per cent higher than the existing tariff rates, and a greater increase than this would be intolerable.

CATGUT, WHIP GUT, AND WORM GUT.

[Paragraph 1434.]

STATEMENT OF THOMAS J. MEE, REPRESENTING CHICAGO GUT STRING MANUFACTURING ASSOCIATION, CHICAGO, ILL.

Mr. MEE. My name is Thomas J. Mee, and I represent the Chicago Gut String Manufacturing Association. Our industry comes under paragraph 1434. In connection with this paragraph I have a short statement which I would like to make, and I believe it covers all the points, and I will not take much of your time.

The gut-string manufacturers of the country ask that the duty be increased on the articles which they produce over that given in the tariff bill as it passed the House and is now before the committee. The rate therein given is not protective.

The paragraph in which we are interested is 1434 and reads as follows:

Catgut, whip gut, worm gut, oriental gut, and manufactures thereof, 25 per cent ad valorem.

The phraseology we approve as covering well our different lines of manufacture, but the duty given is insufficient.

Senator SMOOT. What do you want; what percentage do you ask?

Mr. MEE. Later on in my statement I have prepared, we ask 35 per cent.

Included in the phraseology, however, is the term "worm gut." We understand that manufacturers of certain kinds of fishing tackle oppose a duty on this, as it is their raw material and making it dutiable would seriously injure them. If such is the case we are willing that silkworm gut be taken from this paragraph and be put on the free list.

Senator SMOOT. Mr. Pflueger wanted worm gut on the free list.

Mr. MEE. That is perfectly satisfactory.

Senator SMOOT. He wanted worm gut stricken out, and that leaves the rest of paragraph 1434 as it is.

Mr. MEE. Yes; it will then leave the new paragraph 1434 to read: "Catgut, whip gut, oriental gut, and manufactures thereof."

Senator SMOOT. I will look at his last testimony.

Mr. MEE. Yes. It does not enter sufficiently in competition with our products for us to desire to have it kept on the dutiable list to the injury of another American industry.

Our three lines of production are tennis strings, music strings, and surgical gut. The tennis strings that we make and sell in this country for about $200 a gross can be bought abroad for about half of that amount of money. The cheaper grade tennis strings, which we

make and sell for $160 a gross, can be bought abroad at a cost of less than $100 a gross.

Senator JONES. How can you compete with them at 35 per cent?

Mr. MEE. Well, 35 per cent—my first statement was—the tennis strings that we make and sell in this country for about $200 a gross can be bought abroad for half that amount of money.

Senator JONES. Yes.

Mr. MEE. Well, the foreign price approximately runs $120 a gross. If we get 35 per cent protection on $200 valuation, that will bring us up to about $200, which gives us a chance to exist.

In music strings we have our strongest foreign competition. The foreign cost of these strings is about one-fourth of the American selling price. Music strings of American make that are sold in this country for $4 a bundle can be bought abroad for $1 a bundle. And the American high-grade strings, the price of which is over $7 a bundle, can be bought abroad for $1.50 a bundle.

Senator JONES. Would 35 per cent help you out there?

Mr. MEE. This is a part of the industry which, taken of itself, we can not exist; we could not start even to manufacture. But we have three branches to the catgut industry—tennis goods, music goods, and surgical guts, which I will come to—and in manufacturing the entire three it will allow us a general average, with 35 per cent protection, to exist and to meet the competition.

Senator JONES. Then you would lose on one article and make on the other?

Mr. MEE. We might say that, and the music-string production has necessarily been kept to the smallest volume just because of the price conditions that have been existing.

Surgical catgut can be bought abroad for one-half the price of the American article in this country. The surgical gut of American make, the price of which is around $13 a thousand feet, can be bought from foreign manufacturers for about $6 a thousand feet.

In all three lines of our product, therefore, there is need of a higher rate of duty than that given in the House bill. We ask for a rate of duty equivalent to at least 35 per cent on the American value for tennis strings, surgical catgut, and on music strings as high a rate of duty as this committee can give, in order to meet foreign competitive conditions and industrial differences between the United States and our competing countries.

In our brief before the Ways and Means Committee we went thoroughly into the details of our industry, what it has to face, production costs, and other details. We will not repeat those statements here but refer you for such information to our brief at the time the bill was being considered by the House committee. We are asking merely for a duty that will equalize industrial conditions here and abroad, and we are positive that an investigation of our statement as to our needs will prove that we are fair in our request and accurate as to our figures.

STATEMENT OF JOSEPH E. PFLUGER, OF AKRON, OHIO.

Mr. PFLUGER. Mr. Chairman and gentlemen, my name is Joseph E. Pfluger. I am a brother of E. A. Pfluger, whose name appeared upon the list of witnesses for to-day. He could not be present, and I am appearing in his place. My residence is Akron, Ohio.

There has been either a misunderstanding or a mistake made. I see that the calendar refers to paragraph 344 as the one upon which I am to speak. That should have been paragraph 1433. I am just wondering whether I am out of order or whether, while I am here, you care to hear me at this time.

Senator SMOOT. You are here now and had better proceed. But paragraph 1433 relates to leather gloves, does it not?

Mr. PFLUGER. No; to worm gut.

Senator DILLINGHAM. Paragraph 1433 relates to gloves.

Senator SMOOT. I think you are interested, Mr. Pfluger, in paragraph 1434.

Mr. PFLUGER. Well, apparently I made a mistake about that. The Fordney bill placed a duty on worm gut. Paragraph 1434 reads:

Catgut, whip gut, worm gut, oriental gut, and manufactures thereof, 25 per cent ad valorem.

I am interested in having worm gut in this paragraph stricken out and placed on the free list, for the reason that worm gut is strictly a raw material and none of it is produced in this country on account of the climatic and other conditions. Spain and Italy are the greatest producers.

Were a duty placed on worm gut it would seriously handicap the American tackle makers and would give the foreign makers of tackle a very decided advantage.

While the greater part of the worm gut brought into America is used by the fishing-tackle makers, there is a small quantity used in our hospitals and by surgeons, principally for surgical work.

Senator WATSON. What do they use it for? I would like to know the distinction between the different kinds there.

Mr. PFLUGER. Catgut is used for surgical work. Some of it is used for tennis rackets.

Senator WATSON. They also make violin strings out of it, do they not?

Mr. PFLUGER. Yes; they use it for that also.

Senator WATSON. What about those other kinds of gut?

Mr. PFLUGER. I am not familiar with whip gut, but worm gut is a silk worm. It grows in Italy and Spain and in the southern countries of Europe, and it is used very extensively for the making of fishing tackle. It is especially adapted for fishing tackle because when it gets wet it is stronger than when it is dry. It will not dissolve. Catgut will get soft and will dissolve. Consequently it is not used in the fishing-tackle industry.

I called on Mr. Fordney, the chairman of the Ways and Means Committee of the House, after I discovered that this gut was placed on the dutiable list, and I found that it was a mistake. Mr. Fordney admitted that it was an oversight on the part of the committee having charge of that matter, and that it was the committee's intention to place catgut on the dutiable list only, and that worm gut should not have been so listed, but that worm gut should have continued to come in free. He said that they attempted to put a duty on catgut to protect some American manufacturers of it, and inasmuch as catgut, whip gut, and worm gut heretofore were placed in one paragraph they just threw the whole thing in the dutiable list.

Senator SMOOT. Catgut and whip gut and worm gut are in one paragraph in the Payne-Aldrich bill.

Mr. PFLUGER. Yes; but they were on the free list there.

Senator SMOOT. Oh, no. You are not speaking now of manufactures, but you are speaking of the raw material?

Mr. PFLUGER. Yes; the raw material. I am talking about the manufactures of it. There is a paragraph in the Payne-Aldrich bill—paragraph 366, I think—where they have a duty on that.

Senator SMOOT. Yes; that is in the present law. In the old law it was paragraph 463.

Senator McLEAN. Do they expect to make oriental gut in this country?

Mr. PFLUGER. No, sir.

Senator DILLINGHAM. Is any worm gut made in this country?

Mr. PFLUGER. Catgut is the only thing. They attempted to grow the worm gut in this country, and they could not do it.

Senator WATSON. Here is something I never knew before:

Catgut is made from the intestines of sheep, sometimes from those of the horse, ass, or mule, but never from those of the cat.

Mr. PFLUGER. I knew that it was made from the intestines of the sheep. I was just saying that I had a talk with Mr. Fordney of the Ways and Means Committee of the House, and when I called his attention to that paragraph he admitted that it was an oversight on the part of the subcommittee. They did not intend to cover worm gut in the dutiable list, and they said they would speak to your committee about it. I do not know whether they have done so or not, but they felt that it was justifiable, and no doubt they will do so.

Senator McLEAN. What would be the value of the total importation?

Mr. PFLUGER. As nearly as I could arrive at the amount, on worm gut it would run between $200,000 and $225,000 a year. That was only my estimate. As you will find in the Payne-Aldrich bill and the Underwood bill, worm gut has been admitted free. It was always recognized as a raw material never made in this country.

Paragraph 443 of the Underwood tariff bill of 1913 reads:

Catgut, whip gut, or worm gut unmanufactured.

We are satisfied to have this paragraph stand so far as it refers to worm gut. We do not use catgut or whip gut in the tackle business. Hence we are not affected if classed with a duty.

Senator SMOOT. Under the Payne-Aldrich bill catgut and whip gut, unmanufactured, also came in under the free list.

Mr. PFLUGER. Yes; they always did. If it is the intention of this committee to place a duty on catgut or whip gut, then I would suggest that a paragraph be written to read the same as paragraph 443 of the Underwood tariff of 1913, with catgut or whip gut stricken out, leaving it read: "Worm gut, unmanufactured," which would be satisfactory to us; and write another paragraph the same as or similar to paragraph 366 of the tariff act of 1913, which now reads as follows:

Catgut, whip gut, or manufactures of catgut, or whip gut, or worm gut, including strings for musical instruments, any of the foregoing or of which these substances, or any of them, is the component material of chief value not specifically provided for in this section —— per cent ad valorem.

Senator SMOOT. We will look after that when we reach it.

Mr. PFLUGER. Paragraph 344 of the Fordney bill as it now reads, referring to fishing tackle, is satisfactory. That covers worm gut as it is manufactured into fishing tackle and provides specifically for it.

GAS MANTLES.

[Paragraph 1435.]

STATEMENT OF JOSEPH M. SHERBURNE, PRESIDENT LINDSAY LIGHT CO., CHICAGO, ILL.

Gas, kerosene, or alcohol mantles, and mantles not especially provided for, treated with chemicals or metallic oxides, wholly or partly manufactured, 30 per cent ad valorem.

In 1914 and prior thereto the German manufacturers and some Japanese were steadily increasing their shipments to this country, and had it not been for the war it would have certainly affected American production. As soon as possible after the war the German manufacturers of gas mantles began to flood the market with letters naming very low prices. Quotations had been made as low as $45 per thousand, which, with the present duty of 25 per cent ad valorem, made it possible to bring mantles of a very good quality into this market under $60 per thousand. It is impossible for American gas-mantle manufacturers to duplicate these qualities at less than $85 per thousand. The possibility of still lower foreign prices confront the industry because of the declining value of the German market. The ingenuity and capability of the German manufacturers is well illustrated by the following statement which appeared in the Electrotechnischi Zeitschrift, volume 24, June 16, 1921, pages 656 and 657:

"THE GAS MANTLE AND THE WAR.

"Dr. Geisel, of the Auer Light Co., spoke at the twenty-second meeting of the German Society of Illuminating Engineers about the difficulties which were encountered in the manufacture of mantles during the war. In the year 1910 the total production of German mantle manufacturers amounted to 120,000,000 mantles, of which more than half was exported, because the foreign factories could produce only limited numbers of mantles of inferior quality. Of the price of the mantle approximately two-thirds was for material and one-third for wages. The raw materials are almost without exception of foreign origin. The web is mostly manufactured from ramie thread, which is manufactured in Germany from the Chinese ramie bush, the light salts thorium nitrate and cerium nitrate are prepared from the Brazilian monazite. To varnish the finished mantle there are used, among others, camphor and castor oil. The dependence on foreign countries was then very great. It was fortunate that the stocks of monazite at the beginning of the war were sufficient to last at least a decade. Ramie thread was decidedly scarcer; of this material at the beginning of the war 1 ton was woven daily at the Auer Light Co.'s plant alone; while in 1918 there was available only 18 kilograms per day. Artificial silk, which even before the war was a very desirable material for mantles, was confiscated during the war, and, for example, the Auer Light Co. in the year 1918 had only 80 to 100 kilograms of artificial silk available. Finally even the artificial silk supply gave out, so that only paper thread remained. The firm of Julius Glatz, of Gnadenfrer, rendered a great service in the preparation of a paper thread suitable for the manufacture of mantles. The most important demand for a paper mantle with a high candlepower is the freedom of the paper thread from inorganic constituents; however, the freer the paper is from inorganic constituents the more difficulty there is experienced in its manipulation. Finally we were successful in preparing a nearly ashless paper thread, and, what was still more difficult, we succeeded in weaving it. The strands of the ramie thread are about 25 centimeters long, and those of artificial silk are practically infinitely long, but the strands of paper thread are at most only 2 or 3 millimeters in length, the tensile strength of the paper thread being therefore very low.

"At the beginning of the scarcity of ramie the mantles were made of two kinds of thread—ramie thread and paper fiber. Finally only the pure paper thread remained. The candlepower of the pure paper mantles was only 60 to 70 per cent of the candlepower one might expect from a ramie mantle.

"In the upright mantle the head of the mantle was strengthened by a structure in which a frame of asbestos thread was woven. This weave had to be abandoned during the course of the war, and in its place crepe paper was used. The importation of asbestos from neutral countries was also finally completely denied. Fortunately there were found in the storerooms of the mantle manufacturers the ends of the asbestos threads which had been thrown aside as being useless, and which in time of peace could not be sold because they were entirely worthless. They were now used as a remedy, and in this way we obtained a frame which, though not preferable, was still usable. But finally even these asbestos ends became exhausted, so that nothing more

remained excepting the use of iron wire. In the meanwhile the scarcity of coal had also manifested itself, so that the gas had only a limited heating value. The smaller heat value, it is true, produced a hotter flame, which was, however, shorter, so that the wire hook was out of the range of the flame and showed good durability.

"In the case of the inverted mantles difficulty was experienced in fastening the mantles to the magnesium ring when the supply of asbestos stopped. Fastening with a wire was not satisfactory, because in time the wire ring expands, and finally the mantle, together with the wire ring, falls off the magnesium foundation. As a last resource one enameling process was used. The magnesium ring was painted with a ceramic material at the point where the mantle was joined; when the body of the mantle was burned off this substance melted and in this way fastened the mantle inseparably to the magnesium ring.

"For varnishing the burned mantle a solution of collodion, camphor, and castor oil in alcohol and ether is used. All of these raw materials were commandeered during the war and only a very limited amount was available. Castor oil and camphor were hardly allowed to be used at all because they were used for military purposes. The chemical industry here provided a substitute in condensed phenols.

"It was necessary during the war for foreign countries to make themselves independent of the German mantle industry, and this was easy because they could confiscate the German factories in the hostile foreign countries. The products are, however, of such inferior quality that, for example, the English mantle industry is already experiencing the greatest difficulty in protecting itself from the importation of German mantles, and it is undoubtedly true that, in the not far distant future, the German industry will again regain its leading place as before the war."

The present price of gas mantles made in America, for first quality goods, is from $70 per thousand upward, depending upon size, type, and quality. The American manufacturers have always aggressively competed with each other, so much so that it is quite well established that the average profit per thousand will not exceed $5 to $6, which profit is and always has been very little on the sales value of the product. It is impossible from any angle for the American manufacturers to meet the present German competition. A 30 per cent ad valorem tariff upon American valuation will not do it. Liquidation of high-priced inventories, production, and cost of labor and replacement cost of material have been reached in this industry in this country and it is believed that the present selling prices represent a minimum for some time to come. The gas-mantle business has had a tariff of 40 per cent under the Payne-Aldrich bill and 25 per cent under the tariff now operating, and that the tariff in the past has not been high enough is clearly demonstrated by the fact that in 1910 there were 99 manufacturers; in 1921 there are 23.

Gas mantles are not only used in cities; a very large quantity, which is annually increasing, is required by the farmer on gasoline lamps.

It is useless to consider any tariff that will not give to the manufacturers an opportunity to meet foreign competition and show a nominal profit. It is the opinion of over 80 per cent of the industry that nothing short of 50 per cent ad valorem based on American valuation will do this.

STATEMENT OF SIDNEY MASON, GLOUCESTER CITY, N. J., REPRESENTING THE WELSBACH CO.

Mr. MASON. I am president of the Welsbach Co. I am appearing in reference to paragraph 1434—gas mantles.

Senator SMOOT. In our bill it is 1435.

Mr. MASON. Yes. The proposed duty is 30 per cent and the old rate was 25.

Senator SMOOT. That is the American valuation?

Mr. MASON. Yes.

Senator SMOOT. What are you asking for?

Mr. MASON. Fifty per cent.

Senator SMOOT. Instead of 30 per cent?

Mr. MASON. Yes, sir; instead of 30 per cent.

Paragraph 84, thorium salts, carries a duty of 25 per cent ad valorem American valuation. The previous bill carried 25 per cent.

The basic material of the gas mantle industry is thorium, the commercial source of which is monazite sand. That is on the free

list. I see no objection, should you desire to do so, to continuing it on the free list, but I want to point out that it was formerly 25 per cent under the Simmons bill. The proposed change to the free list reduces the manufacturing cost of nitrate of thorium 9½ to 10 cents a pound.

Senator SMOOT. What do you want in paragraph 84?

Mr. MASON. In 84 we want 45 per cent.

Senator SMOOT. Instead of 25?

Mr. MASON. Yes, sir.

That difference of 10 cents in the cost of producing a pound of thorium salts would reduce the cost of thorium in gas mantles one-thirtieth of a cent. I simply mention that fact in order to emphasize that free monazite is a very slight economy in both the manufacture of thorium salts and gas mantles.

There are three manufacturers of thorium in the United States. One is totally closed. Our plant is simply cleaning up, and the Lindsey plant in Chicago, I believe, claims to be working on a 25 per cent basis, but I understand that is simply to meet its own requirements.

The price of thorium in the market is $3.75, which is 10 per cent above the prewar price established in this market by the German trust. The German present entry price is $2 plus the 25 per cent duty, or $2.50, duty paid New York. That is 33⅓ per cent below the American manufacturer's price. The proposed duty of 25 per cent ad valorem on the American valuation would make the duty 94 cents and would raise the German price to $2.94 per pound, which is still 22 per cent below the American manufacturer's price.

The present entry price of the German thorium is equivalent to 400 marks as against 8 marks prewar, so that the difference is fifty times greater, clearly indicating that the Germans can sell in the American market below the price at which they are to-day selling. The American manufacturer, therefore, simply has to go out of business.

Senator JONES. Won't he go out of business unless you increase it beyond the rate fixed by this bill?

Mr. MASON. He may have to go out of business even then, because I do not know whether you will increase it sufficiently. I think that 45 per cent on American valuation would protect the American industry. In granting 45 per cent, owing to the reduction in free sand, which would amount to 10 cents a pound, and to the probable reduction in other material costs that will come along in due time, the American manufacturer may sell at $3.50 per pound; 45 per cent of $3.50 per pound is about $1.575, so that the German product would then enter at $3.575. The difference between the price of $3.50 to the consumer of thorium nitrate and the present German price of $2.73 is 77 cents a pound, which is equivalent to about one-quarter of a cent on each gas mantle, so that in granting the American manufacturer 45 per cent American value it would very slightly increase the cost of the thorium used by the mantle manufacturer.

The importance of the industry is very well described in the report of the Tariff Commission. Of course, the thorium industry is dependent upon the preservation of the mantle industry.

The present bill proposes for gas mantles 30 per cent ad valorem, American valuation. The Simmons-Underwood bill proposed 25 per cent.

The German mantles, Holland mantles, and Netherlands mantles are entered in the American market at from $32 to $35 a thousand.

Senator JONES. What is the actual difference between the 25 per cent rate under the Simmons-Underwood bill and the 30 per cent under the American valuation plan?

Mr. MASON. The Underwood bill, taking the entering value at about $36, would make $8.75 to $9. The American wholesale price for the corresponding mantle is $65. At 30 per cent American value it is $19.50, or more than double the duty.

Under the Payne-Aldrich Act the duty was 40 per cent on gas mantles. That figured, taking the entering value at that time, about $14 to $16. Gas mantles vary in value due to variation in quality, but the popular mantle's retail price is from 10 to 15 cents. These prices prevail even though foreign mantles are sold, duty paid, at $45 a thousand wholesale. Even then they sell at 10 or 15 cents retail. So we have to consider that the fraction of a cent difference in the cost at wholesale does not affect the retail price on a stable article like a gas mantle.

The gas-mantle rate, which is 30 per cent in the Fordney bill, should be raised to 50 per cent, as there is an increase in the cost of materials and labor in the making of gas mantles running from $15 to $27 a thousand. The wage rates are at least 70 per cent above those in 1914. The cost of materials will average over 60 per cent, so that the American gas-mantle manufacturer is producing gas mantles at a cost from $58 to $60. Prewar the cost was about $42. So, if we take the Payne-Aldrich rate, which gave $14.40 protection, and take the difference in the cost, say, $16 to $20, and add those together, it brings the value of duty, in order to put us on a similar protective basis, to about $30 a thousand, or 3 cents per gas mantle, or about double the Payne-Aldrich rates.

I find that in some months the statistical information reported by the Department of Commerce incorporated mantle rings, and I want to ask permission to revise a brief that I had prepared and submit it, based on the new figures. The confusion arose through the importation of mantle rings, which are classified as "gas mantles," whereas they are merely mountings for mantles.

There is one other point I would like to make in connection with the present bill: The duties in the present bill on American valuations on the materials which enter into the manufacture of gas mantles, which I do not object to, but I wish to point out that it amounts to $12.18 a thousand in the cost of manufacture of gas mantles. The 1913 act on the same cost values of material—they are all on an ad valorem value in that bill—is $4.72. So that there is as between the Simmons bill and the pending bill an increase of about $8—200 per cent—in duties.

The Payne-Aldrich bill duties were all pretty much ad valorem, and when that bill was in effect prices of material were very much lower than they are to-day. Hence under the Payne-Aldrich Act the materials that enter into the manufacture of a gas mantle paid less duty than now under the Simmons Act, at present prices. So

that the duty on materials entering into the manufacture of gas mantles has practically been increased 200 per cent under the pending bill.

Senator SMOOT. You have all those figures in your brief, have you not?

Senator CURTIS. File your brief with the clerk.

Mr. MASON. I asked permission to file the brief when I can include the other data.

Senator McCUMBER. Thank you.

HARD-RUBBER PRODUCTS.

[Paragraphs 1437 and 1438.]

STATEMENT OF A. L. VILES, GENERAL MANAGER RUBBER ASSOCIATION OF AMERICA, NEW YORK, N. Y.

Mr. VILES. Gentlemen of the committee, I am general manager of the Rubber Association of America, representing 90 per cent of our rubber manufacturers. We approve of paragraphs 1437 and 1438 regarding rubber articles. We want to emphasize our belief with respect to tires, calling for a 10 per cent duty, that the duty should not be higher, as we fear reprisal tactics of other nations in our foreign markets more than we do the competition from importation. That is all we have to say.

Senator McCUMBER. Thank you.

STATEMENT OF JUDSON DRAYTON, REPRESENTING THE VULCANIZED RUBBER CO., NEW YORK, N. Y.

Mr. DRAYTON. Mr. Chairman, in order to conform with the request of the chairman that we confer where there are several representatives present for one industry, I have agreed to file a brief and will defer to Mr. Achelis, who will present the matter for the hard-rubber industry.

Senator McCUMBER. Your brief will be printed.

(The brief is as follows:)

The manufacture of hard-rubber goods request that the following two changes be made in the proposed tariff law:

1. That there be a separate paragraph or classification for hard-rubber goods as distinguished from rubber goods in general.

2. That the proposed duty of 30 per cent ad valorem be increased to at least 45 per cent ad valorem, or if the duty remain at 30 per cent, there be in addition a specific duty of at least 40 cents per pound.

Reasons for a different classification:

1. The manufacture of hard-rubber goods is an entirely different process from the manufacture of soft rubber, requiring many more finishing processes and the percentage of labor cost to total cost is very much higher for hard-rubber goods, being from 60 to 70 per cent of the total cost of the article. The other important reason for a different classification is the fact that hard rubber is forced to compete with many other materials, whereas soft rubber has no such competition.

2. The reasons that the proposed duty should be increased are first, the cost of labor. Labor is by far the largest item in the cost of manufacture, and wages paid in this country are from four to six times as high as wages paid for the same work in Germany, Austria, and Japan, which are the principal exporters of hard-rubber goods to this country. The hard-rubber business has demonstrated its importance in time of war as well as in peace and includes very many necessary articles. The industry employs when running to capacity about 7,000 hands and it is our desire to keep these hands employed full time at good American wages. This can not be done unless there is a protection which will to some extent offset the very much lower labor costs of our foreign competitors.

STATEMENT OF F. G. ACHELIS, GENERAL MANAGER AMERICAN HARD RUBBER CO., NEW YORK CITY.

Mr. ACHELIS. I wish to state about paragraph 1437 or 1438 that the American Hard Rubber Co. is the largest established concern in that material, and in connection with Mr. Vile's statement I wish to say that I have conferred with one of the large tire concerns and that we consider ourselves rather apart from their industry. We are given here a 30 per cent ad valorem where we had previously 25 per cent ad valorem, and in the prewar period, until 1913, we had 35 per cent so we have an increase of 5 per cent, which is a very small amount, even on American valuation, a very small addition for us to contend with our very high labor costs and the changes that have come about through the war. We feel that we are really a separate industry from the general rubber business. It is a highly specialized technical article, and we are asking preferably for 50 per cent.

Mr. SMOOT. American valuation?

Mr. ACHELIS. And we want to indorse fully the American valuation. I would like to give you briefly a short brief which I have here, and I will take a little of Mr. Drayton's time that he kindly surrendered to me. At a meeting on the subject by the rubber association of which Mr. Viles was secretary, and at which there were present representatives of six manufacturers, they suggested that the tariff matter be left in my hands as I had given a special study to that subject.

Senator DILLINGHAM. What proportion of your rubber goods used in this country are produced here?

Mr. ACHELIS. The import statistics are very inadequate and always have been. There are statistics given at the end of this brief. The product that comes in competition with the American product here is German and Austrian, except recently the product which has come from Japan and is particularly evident on the Pacific coast. What the total product is I do not know. We compete so strongly among each other that practically none of us have statistics of the other.

Senator MCCUMBER. You use rubber in the manufacture of buttons?

Mr. ACHELIS. No, practically none, because it is black, and we can not color them, and we lose all the fashion appeal; but some of these things are taken out of this paragraph, and combs are really a very important hand-worked article. In 1920 we had 3,000 employees, and on December 1, 1921, we had 1,789.

Senator CURTIS. You are mentioning one concern now?

Mr. ACHELIS. Yes, one concern with three factories.

Senator CURTIS. How many men are employed in the industry in this country?

Mr. ACHELIS. I do not know.

Senator MCCUMBER. You have just stated that the competition was very active.

Mr. ACHELIS. There are 12 concerns, and I do not know how many people they employ, nor what their sales are. It is almost impossible to find these things out. I am speaking only for one concern, which is really the largest, because it operates three factories.

Senator McCUMBER. What did you ask for before the Ways and Means Committee?

Mr. ACHELIS. I did not get a hearing before the Ways and Means Committee. I asked for one, but I did not get it. I know the wages in Germany. There is a very large concern in Hamburg and one in Vienna, and the wages are very low. In 1913 they got 1,000 marks per annum, which at 24 cents amounted to $240 per annum. In 1921, when the mark dropped to 1 cent, wages went up 10 times, but the 1,000 marks he used to get amounted to more in American money than he gets now, and we pay that same workman, for the same operation, $1;500 a year.

In 1913 I was export manager. When the war came, England was caught without any hard-rubber industry and had to call on us to do their work. We did all their war work, their electrical insulations, etc., because they were absolutely frozen out by German competition.

Senator McLEAN. Do the Germans make equally good goods.

Mr. ACHELIS. Very excellent, and we make excellent goods. On quality we can compete, but we can not compete on wages.

I have put in my brief, because this is a very peculiar industry and it is not well known.

Senator McLEAN. You might give the committee a little more extensive information with regard to the industry as a whole.

Mr. ACHELIS. This is an important industry, but I would not say it was vast. It does not compare with the tire business. I would like to show you a few samples. This is brought in as hard rubber at 25 per cent [indicating sample]. After it is brought in here it is cut in half and then it becomes a smoker's article. If it had been cut in half before it came in, it would have to pay 50 per cent. That is a pipe mouthpiece. That is sold for $2.30 a gross and the cost to us is $2.66.

Senator CURTIS. It costs you that?

Mr. ACHELIS. It costs us that at the factory, and they sell it at $2.30. The labor is the whole thing. It can not be compared to a tire. It comes in as you see it in this form, and then it is cut in two.

Senator McLEAN. Would the appraiser let that come through as hard rubber?

Mr. ACHELIS. I have been after the appraisers, but they say, "Thank you; we will see that it does not happen again;" but that was common practice at one time. We will catch that every time I can, but we can not do it every time.

Here is a Japanese celluloid comb [indicating]. That looks almost like hard rubber. We have to compete against that because the consumer hardly recognizes that it is not hard rubber.

Senator McLEAN. Do they make celluloid combs in this country?

Mr. ACHELIS. Yes; because they have a good tariff. There is a hard-rubber comb [indicating]. That is carefully sawed and carefully hand-polished. We pay women 60 cents an hour for polishing that. Our average wages run from 60 to 65 cents an hour.

The merchants who buy from us tell us that the prices of the importer's article are such that they will not be able to buy from us. All these combs are standard. They sell in a 10-cent store for 10 cents and in the drug store for 25 cents, and it makes no difference

how cheaply they are bought, they are sold as a quarter comb or a 15-cent comb or a 10-cent comb, and yet we have lived by this industry and worked it up since 1851. This one here is hard rubber [indicating].

Senator McLEAN. Is the rubber comb better than the celluloid comb?

Mr. ACHELIS. In some respects, from the aspect of cleaning and washing with warm water; and it is absolulely acid proof.

Senator JONES. In what form is that imported ordinarily?

Mr. ACHELIS. We import this material as crude rubber, and manufacture it from the crude rubber into the finished product.

Senator JONES. I say, in what form is the hard rubber?

Mr. ACHELIS. They bring it in combs or mouthpieces. This paragraph refers to the manufactures of hard rubber.

Senator JONES. I understood you were speaking of paragraph 1438.

Mr. ACHELIS. It is only manufactures of hard rubber. It is a hard, horny substance when it comes in.

Senator SMOOT. Do you color it?

Mr. ACHELIS. There is only one color we can use other than black, and that is red. We can not make it white. The celluloids have that field, and they call it French ivory. But we use it for other articles; the electrical trade uses it, and the chemical trade uses it. We make pumps and pipe lines out of this material. It is used in the chemical industry and the dye industry, which never existed before. They have not come in largely for those uses, because there is a question of bulk; but this little stuff can come in readily. You can put two or three gross of combs in a cubic foot of freight.

Senator JONES. What kind of manufactured articles from hard rubber come in competition with your products?

Mr. ACHELIS. Mostly combs and syringes for medical use, and that kind of thing; thermometer cases and fountain pens. I understand parts come in to the fountain-pen manufacturers and they assemble them.

Senator JONES. Is there a standard make which is imported of those combs?

Mr. ACHELIS. There are 300 different types in our line alone, and they copy pretty nearly every type.

Senator JONES. What are the prices at wholesale, and how do those prices vary with respect to the different classes?

Mr. ACHELIS. They will run from $9 a gross, and there are combs that will run as high as $100 a gross.

Senator JONES. From $9 to $100 a gross?

Mr. ACHELIS. You would only sell a very few of the combs that sell for $100 a gross. We do not need the protection so much on those high-class combs, because there we can compete. Sometimes we get the high price on account of the ingenuity of the design. There is one [indicating]. That is a fancy comb.

Senator JONES. What would be the wholesale price of that fancy article?

Mr. ACHELIS. $45 per gross, and you can not sell very many of them. That would be a luxury article, just like jewelry; but it is a nice American product, and we are very proud of it.

Senator JONES. Do you think you would need $15 gross duty on that?

Mr. ACHELIS. No; but you would only import 5 or 10 gross a year of that kind.

Senator JONES. You want this duty raised to 50 per cent?

Mr. ACHELIS. Yes; instead of 30 per cent. It used to be 25 per cent. In 1914, in the first part of the year, when it was cut to 25 per cent more stuff came in than I have ever seen before, and we were running our factories four days a week and closing at 3 in the afternoon.

Senator SMOOT. Is the rubber in this high-priced comb of any better quality than the rubber you put in the $15 a gross?

Mr. ACHELIS. No, sir; the material mixture is practically the same. It is about 30 per cent sulphur, and that sulphur comes chiefly from Louisiana and Texas. That is about a third of our material, and two-thirds is crude rubber from Ceylon and South America, and so on. Soft rubber contains only about 3 per cent of sulphur.

Senator JONES. I believe you said you did not have the figures showing the importations?

Mr. ACHELIS. I have some in my brief which I have filed. I have not the old figures, but in 1919 Germany exported 22 metric tons, and in eight months time that went up to 95 tons. They practically make all of their own; they really supply the world outside of the United States. There is one concern in England that makes them.

Senator JONES. You have put all these statistics in your brief?

Mr. ACHELIS. Yes, sir.

Senator JONES. What were the imports in 1913 and 1912?

Mr. ACHELIS. I have not got that.

Senator DILLINGHAM. You do not claim there has been any increase in importations from year to year?

Mr. ACHELIS. Yes; as far as I know, it has been growing. It grew very rapidly prior to 1914.

Senator DILLINGHAM. I find from a report here that in 1908 it amounted to $293,000; in 1909 it amounted to $236,000; in 1910 it amounted to $255,000, and then it dropped off in 1911, 1912, and 1913; but in 1913 it was $254,000, and in 1914 it amounted to nearly $400,000 all told. In 1915 it amounted to $186,000, and in 1916, 1917, and 1918 it amounted to substantially nothing.

Mr. ACHELIS. That was during the war. It all comes from Germany and Austria.

Senator DILLINGHAM. In 1920 it is only $88,000.

Mr. ACHELIS. Yes. They are only beginning to get going. One foreign exporter told one of our men the other day that they would sell nothing more right away because they were sold out.

BRIEF OF F. G. ACHELIS, REPRESENTING AMERICAN HARD RUBBER CO., NEW YORK CITY.

It is very important to fully understand the difference between hard rubber and other rubber products, particularly automobile tires. The hard-rubber industry has been highly specialized for 70 years. The material is a black, hard, horny substance from the mixture of a large quantity of sulphur to rubber, cured under pressure at a high heat for a long period of time. It is the material of which combs, fountain pens, and the mouthpieces of smokers' pipes are made. (See Appendix A.) It represents a great deal of hand labor on a small quantity of material. A gross of 8-inch combs (No. 1024) take 8½ pounds of material. A single 32 by 4 Ford tire weighs

25 pounds. Labor is our large factor of cost. In 1920 it was 65 per cent of the cost of our total product, and it is against cheap German and Japanese labor that we ask a high tariff for protection. (Appendix B.)

The soft-rubber industry, particularly the tire companies, have an entirely different problem and do not ask for increased protection.

It is highly important, therefore, that the hard-rubber tariff be considered apart from the rubber industry as a whole.

Hard rubber, known as "vulcanized india rubber," and in England as "ebonite" or "vulcanite," also competes with other plastics, such as celluloid, galalith, bakelite, condensite, redmanol, etc. Many of those receive greater protection than hard rubber, the oldest plastic compound of them all. For instance, cellulose finished products are dutiable at 65 cents per pound and 25 per cent ad valorem; compounds of casein, known as galalith, finished 40 cents per pound and 25 per cent ad valorem, whereas hard rubber, 30 per cent ad valorem but no specific duty per pound.

The present tariff increases the hard-rubber duty from 25 to 30 per cent. The act of 1909 was 35 per cent. The entire question of protection by ad valorem percentage depends on the value of the currency to which this per cent is added. Even on American valuation, 30 per cent will be merely an increase in tax. The cost of the goods to the importer will still be very low because of wages, and 50 per cent would not be unreasonable to ask, or, as an alternative, a specific duty per gross of combs or per pound of product, as is so frequently done. Buttons of vegetable ivory have a separate paragraph for this purpose. The balance of vegetable-ivory products are in the same paragraph with hard rubber.

Canada assesses 35 per cent on home consumption value plus the premium on exchange. Spain increased the duty on combs December, 1920, from 60 cents a kilo to $1.80 a kilo on a gold basis. Our increase is 5 per cent, and leaves us under present labor conditions 5 per cent less duty than before the war.

The American Hard Rubber Co. operates factories in Butler, N. J., College Point, N. Y., Akron, Ohio. We had 3,000 employees in 1920, and on December 1, 1921, 1,789. Their standard of living is high and their wages are high. We believe that is the correct American industrial life. A German comb pressman earned 1,000 marks per annum in 1913, or $240. In 1921 he earned 10 times as much, 10,000 marks, equal, however, to only $100. For the same operation we pay $1,560 per annum. American labor can not compete against such odds. (Appendix B.)

Our export market has been ruined, not by retaliatory tariffs, but by the flood of cheap Japanese and German products. Germany's exports of hard-rubber goods in 12 months of 1919 were 22.2 metric tons and in 8 months of 1920 were 95 metric tons, an increase of 400 per cent. (Appendix C.)

In conclusion, we appeal for American valuation as a method for assessment. A higher per cent ad valorem, say 50 per cent, or a specific duty on combs and syringes on account of the great amount of labor on these light-weight articles.

Appendix A.—What Is Hard Rubber?

1. Hard rubber is a plastic compound of rubber and sulphur.
2. Crude rubber is mixed with approximately 30 per cent of sulphur and sometimes various fillers, and then is molded, pressed, or formed, and vulcanized from 3 to 10 hours or more at high temperatures, until it becomes a hard, black, horny mass.
3. This material can be turned, tooled, cut, sawed, drilled, and highly polished.
4. It is best described by its common products, such as ordinary black hair-combs, fountain pens, and the mouthpieces of smokers' pipes.
5. It was discovered and invented by Nelson Goodyear in 1851, as a further development of Charles Goodyear's vulcanizing patents of 1844. It is therefore entirely different from the great soft-rubber industry. The material is hard, rigid, rather than soft and flexible or elastic.

Appendix B.—Wages and Labor.

1. A pamphlet called "Wages," prepared in 1921 for the House of Representatives Ways and Means Committee, makes the following statement: Wages in United States, 1914, $2.05; in 1920, $4.78. Wages in Germany, 1914, $1.23; in 1920, $0.80 to $1.20. Wages in Japan, 1914, $0.48; in 1920, $1.44.
2. Labor in the hard-rubber industry is mostly skilled and highly paid.
3. Employees in American Hard Rubber Co. reached a total of 3,000 in 1920. December 1, 1921—Butler, N. J., 637; College Point, N. Y., 821; Akron, Ohio, 331; total, 1,789.

4. In 1920 the cost of labor was 65 per cent of total cost. Labor in the United States is very much higher than in Germany and Japan, and is the greatest element of cost, as the labor is skilled and applied to articles of small material weight.

Gummizeitung, Berlin, May 14, 1915.

WAGES IN THE HARD-RUBBER INDUSTRY FOR THE YEAR 1913.

Comb manufacture:	Marks per annum.
Average wage for plating	1,000
For pressing	1,000
For grinding	1,000
For pumicing and rubbing	1,100
For washing	950
For polishing	1,053
Stamping	980

The above are the maximum in hard-rubber business.

In the preparation of technical articles, vulcanizing work, the wages per week are: Women, 9 marks per week; men, 23.56 marks per week.

Preparation of electrical insulating material: Women, 14 marks; men, 29.30 marks.

In the manufacture of combs, finishing work: Women, 12 marks; men, 24 marks.

For turning: Women, 16.33 marks; men, 28.37 marks.

From information from travelers, etc., that when the mark dropped to $0.01 (1 cent) wages were ten times those of 1913, or a man earning 1,000 marks in 1913 was now earning 10,000 per annum. For the same work in United States currency he then received $240 per annum and now $100 per annum.

Comb operations.	Germany.				United States.*	
	1913		1921		1921	
	Marks.	Dollars.	Marks.	Dollars.	Female.	Male.
Plating	1,000	240.00	10,000	100.00	$1,510.00	.....
Pressing	1,000	240.00	10,000	100.00	1,560.00	.....
Grinding	1,000	240.00	10,000	100.00	1,610.00	.....
Rubbing	1,100	264.00	11,000	110.00	1,690.00	.....
Washing	950	228.00	9,500	95.00	1,645.00	.....
Polishing	1,053	252.72	10,530	105.30	1,145.00	$1,340.00
Stamping	980	235.20	9,800	98.00	1,295.00	1,720.00

Above average earnings per annum.

Appendix C.—Importations and Exportations.

India Rubber Journal of April 23, 1921: German imports of hard-rubber goods, 1919, 14.2 metric tons; imports eight months of 1920, 17 metric tons. Exports of hard-rubber goods, 1919, 22.2 metric tons; exports eight months of 1920, 95 metric tons.

India Rubber World, reports of Department of Commerce: Imports into United States, 1914, $312,630 (this was practically only till August); imports, 1919, $4,624; imports, 1920, $88,058.

Hard-rubber tariffs of other countries: Canada, 35 per cent on home consumption value plus exchange premium. Spain, duty on hard-rubber combs was raised December 1, 1920, from 60 cents per kilo to $1.80 per kilo, gold basis. England, hard-rubber battery jars or other auto accessories, 33⅓ per cent.

Appendix D.—Products of Hard Rubber.

Hair combs for men, women, and children.

Druggists sundries and surgical supplies, such as syringes, syringe pipes, pile pipes, pessaries, atomizers, sprays, spatulas, thermometer cases, specula, funnels, scoops, truss pads, etc.

Stationers' supplies: Penholders, rulers, ink wells.

Sheets, rods, tubes, various molded insulations for electrical trade.

Mouthpieces, ear caps, receivers, knobs, buttons, microphone handles for telephone and telegraph trades.

Jars, covers, vents, separators for storage batteries, motor-car steering wheels, lever knobs, body trimmings, auto accessories.

Rods, tubes, barrels, and caps for fountain pens.
Grips for pistols and revolvers, butt plates for shotguns.
Pumps, pipe, fittings, for conveyance of acids and chemicals, containers for corrosive liquids.
Cigar and cigarette holders, smokers' pipe stems.
Razor, knife, and fork handles.
Photographers' developing trays and fixing boxes.
Arterial tubes, stopcocks, pumps, etc., for embalmers.
Sporting goods, such as bowling balls, croquet balls.
Molded pieces and specialties of every description for magneto insulation, musical instrument parts, meters, and various industries.

APPENDIX E.—MANUFACTURERS OF HARD RUBBER.

American Hard Rubber Co., 11 Mercer Street, New York City. Plants at Akron, Ohio; Butler, N. J.; College Point, Long Island.
Vulcanized Rubber Co., New York. Plant at Morrisville, Pa.
Lucerne Rubber Co., Trenton, N. J.
India Rubber Co., New Brunswick, N. J. (branch of United States Rubber Co.).
B. F. Goodrich Co., Akron, Ohio (hard-rubber department).
Hood Rubber Co. (hard-rubber department).
Brunswick-Balke-Collender Co., Chicago (hard-rubber department).
Joseph Stokes Rubber Co., Trenton, N. J.
Seamless Rubber Co., New Haven, Conn.
Aetna Rubber Co., Cleveland, Ohio.
Bowling Green Rubber Co.
General Rubber Manufacturing Corporation, Cleveland, Ohio.
Stowe Woodward, Newton Falls.
Atlantic Rubber Manufacturing Corporation, College Point, Long Island (formerly Traum Rubber Co.).
Boonton Rubber Co., New Jersey.

PLASTER OF PARIS STATUETTES AND CRUCIFIXES.

[Paragraph 1438.]

STATEMENT OF T. M. O'CONNELL, REPRESENTING T. M. O'CONNELL CO., PHILADELPHIA, PA.

Mr. O'CONNELL. Gentlemen of the committee, my name is T. M. O'Connell, of T. M. O'Connell Co., of Philadelphia, Pa.

I am speaking of Schedule 14, paragraph 1438. I am engaged in the manufacture of plaster of Paris ecclesiastical and other statuettes and crucifixes. These statuettes are 3 feet and under, and are made of plaster of Paris, being cast in mold and are afterwards decorated with oil colors, and not used for churches. The workmen consist of casters, cleaners, assemblers, and painters; the painters being drapery and flesh painters, the latter being the highest paid employees. Ninety-five per cent of the work is handwork. I have presented to the Ways and Means Committee a comparative statement of prewar wages and the present wages of our employees. We offer a letter showing German wages from a German manufacturer. This letter was received by one of my employees in confidence. Part is personal, part business. I will offer the business part. The translation as follows was made by the Commercial Museum of Philadelphia:

Now to your request. Here, too, the pay has increased, a type caster is earning 300 marks, a polisher 280, and the painters are earning 350 per week, but for these places that means a good pay. All the material is expensive, too, for instance, the plaster, which in peace time used to cost 1.20 the bag now costs 36; colors have gone up more than 500 per cent, besides nobody speaks about it; everything has gone up from 500 to 1,000 per cent.

Our men are earning at this time, casters $40 per week, or 8,000 marks per week; polishers, averaging $35 per week, or 7,000 marks; painters from $30 to $50 per week, or from 6,000 to 10,000 marks per week. Plaster, the principal commodity used, which costs them 15 cents per bag, costs us about $1.55 per bag.

Senator SMOOT. What rate are you asking for?

Mr. O'CONNELL. My contention is that plaster casts have always been mingled in various schedules and never were particularly taken notice of by any tariff heretofore, so there has never been any tariff heretofore to give adequate protection. Under the Underwood Act it was 25 and 30 per cent. In prewar times 75 per cent was needed to give protection.

Senator SMOOT. That is 30 per cent on American valuation?

Mr. O'CONNELL. On American valuation. I feel that under existing conditions we should have 75 per cent.

Senator SMOOT. On American valuation?

Mr. O'CONNELL. Yes, sir. My reason for that is that small statuettes were never manufactured up to the time of the war in this country to any extent. From 75 to 90 per cent of them were imported from Europe, and that was because no adequate protection was given the American manufacturer.

The small statuettes consist of two kinds, single figures and groups known as crib sets. These goods are such sizes that they can be and are packed and shipped from Europe with little or no breakage, and the greatest competition is in these lines, and they should have a higher duty than larger statues because they are carried in bulk and open stock, and are used mostly in homes and sometimes in schools or private chapels or convents, but seldom, if ever, in churches.

Prior to the war we manufactured a general line of fancy articles, including some religious subjects, but as Europe supplied America with between 75 and 90 per cent of plaster statuary, of which most came from Germany and the balance from France, Holland, and Italy. When Germany was shut off from American markets on account of the war, we devoted ourselves exclusively to the manufacture of religious goods and now have the largest selection of models in America. We must have adequate protection or abandon our business.

No tariff has ever been sufficient to protect, so until the war stopped competition the American industry never developed. Now it has, and should be protected. These statuettes are not a necessity and no hardships can result from sufficient protection.

We have produced before the Ways and Means Committee a comparative schedule of the selling price of these crib sets, f. o. b. Philadelphia, of our own and Italian manufacture. These are two groups, having a total European cost f. o. b. Philadelphia of $4.44, while the American cost to produce is $10.91.

As shown, there has been a great increase in American labor since the Payne-Aldrich bill, when the tariff was 35 per cent ad valorem.

We have presented schedules showing foreign quotations for crucifixes and our own quotations for the American costs. These comparative costs show that the ad valorem necessary to protect statuettes are necessary to protect crucifixes.

Senator WATSON. How many of those do they sell in the United States, those various statuettes?

Mr. O'CONNELL. There are manufactured in Philadelphia $300,000 worth of them. There are three manufacturers in New Jersey and several in New York, and some in Boston and some of the other large cities. I really am not able to answer except for our own city, but I would say as a whole it would amount to a million dollars.

We would also ask that a similar tariff be put upon metal crucifixes or any crucifixes made of other substances, for they all enter into competition with the plaster crucifixes, that is, if they are on a wooden cross, and the cheap importation of wooden crosses with corpuses of other material would do almost as much harm to the manufacturer of crucifixes with plaster corpus as would the importation of crucifixes with plaster corpuses. Crucifixes with metal corpuses which have been brought in under the metal schedule only paid 20 per cent while, as plaster, they paid 25 per cent under the present tariff.

The costs we have quoted are our own costs, and we quote them because we believe we have greater production and are, therefore, able to produce the article cheaper than any other American manufacturer, having comparatively no selling expenses, selling jobbers who formerly were importers from Europe. Foreign manufacturers, realizing their advantageous position, are now soliciting orders from American manufacturers, knowing they can sell to them cheaper than they can manufacture. The American manufacturer is now confronted with prewar conditions, when he got only such orders as filled in when importers were out of imported stock.

We would call your attention to the necessity of the separate classification and would suggest the phraseology as follows:

Manufactures of plaster Paris, casts of sculpture statuettes made of plaster Paris, papier-mâché, carton pierre, metal or other material, and crucifixes, over 7 inches in length, with wooden cross and corpus of any of the foregoing materials.

Statuettes made of bisque or china have had under the Underwood tariff a duty of 55 per cent ad valorem, if plain; if decorated, a duty of 60 per cent.

Statuettes of these materials, for these purposes, never manufactured in the United States, were highly protected under prewar conditions, while statuettes of plaster, the material from which the great bulk of them are made, were left to struggle with a 25 or 30 per cent duty.

BRIEF OF T. M. O'CONNELL, PHILADELPHIA, PA.

We request the insertion of a new paragraph to read as follows:

"Manufactures of plaster of Paris, casts of sculpture, other than metal casts, statuettes statues under 3 feet in height, crucifixes over 7 inches in height, with a wooden cross and corpus of plaster or other material of which plaster of Paris is a part, 75 per cent ad valorem."

And the elimination of the words "manufactures of plaster of Paris" from paragraph 1438.

Comparison of wages per week:

Caster—German, $3; American, $40.

Polisher—German, $2.80; American, $30 to $40.

Painter—German, $3.50; American, $30 to $50.

Comparative material costs show German plaster of Paris costing 1.20 mark a bag, while American plaster costs $1.55; other materials is proportionate.

Comparative costs of merchandise, crib set:

European, f. o. b. Philadelphia, $4.44; American manufacturing costs, $10.91.

We ask 75 per cent, because the American wholesale value would be about $15, which is $11.25 added to $4.44, making European cost $15.75. The $4.44 is high, for this was a small shipment by parcel post, and the amount being small the foreign selling price was higher than on a large shipment.

This tariff would mean little to the consumer, who only purchases one or two statues in a lifetime, and the price is low, as shown by the following statement: Size, 8 inches, American value, $0.32½; 12 inches, $0.50; 16 inches, $0.80; 21 inches, $1.25; 24 inches, $2.25.

On the German price of the 8-inch article would be added 24 cents; the 12-inch, 37½ cents; the 16-inch, 60 cents; the 21-inch, 93 cents; the 24-inch, $1.56; but for something not a necessity of life, purchased but once in a lifetime, this would work no hardship.

Since Mr. O'Connell testified, a more careful examination of the figures show that 75 per cent ad valorem duty wouldd give us ample protection.

These statues and crucifixes are not the type customarily used in churches, therefore a tariff would not be a burden on a house of worship.

ROSARIES.

[Paragraph 1444.]

STATEMENT OF JOHN R. RAFTER, NEW YORK CITY, REPRESENTING IMPORTERS AND DEALERS IN ROSARIES.

Mr. RAFTER. I appear on behalf of dealers in religious articles in New York City and elsewhere, who are interested in having the special provision which is made for rosaries in the Fordney tariff bill, without reference to rates of duty, retained in the final tariff act. I do not care to consume the time of the committee in a discussion of the matter, but I ask permission to file a brief for the record.

The CHAIRMAN. Your brief will be received and printed. The committee thanks you very much.

(The brief is as follows:)

As importers of and dealers in rosaries and other religious articles, we appeared before the Committee on Ways and Means of the House of Representatives and urged the necessity of a special provision or paragraph in the tariff act for rosaries, which would once and for all give them a fixed and certain tariff classification and do away with the endless litigation and uncertainty to which they have been subjected in the past.

The House of Representatives approved our recommendation and adopted the following provision for rosaries in paragraph 1444 of Schedule 14, H. R. 7456:

"PAR. 1444. Rosaries, chaplets, and similar articles of religious devotion, of whatever material composed, valued at not more than —— per dozen, —— per centum ad valorem; valued at more than —— per dozen, —— per centum ad valorem." (Rates omitted.)

We make no recommendation as to rate or rates of duty, being primarily interested in certainty of tariff classification and the avoidance of customs litigation. We do, however, respectfully urge your committee to retain the eo nomine provision for rosaries, as adopted by the House of Representatives, or in substantially the same form.

In support of this request it is submitted that rosaries are in a class by themselves, separate and distinct from all other articles of commerce. They are all intended and used for the same purpose. Regardless of variations in size, material, and construction, they all possess the same general characteristics, and their identity as rosaries is unmistakable.

Only by means of a special (eo nomine) provision of the kind mentioned will rosaries be classified at a uniform rate of duty, as they should be classified. In the absence of such a provision they will continue to be assessed for duty, as now and heretofore, at various rates, dependent on their component material of chief value—a most unsatisfactory rule of tariff classification both from an administrative and business standpoint, and one which has produced, and is even now producing, the most anomalous and absurd results.

STATEMENT.

Description of rosaries.—A rosary is a series of beads strung on a metal chain in combination with a flat metal piece in the shape of a heart and a cross or medal.

Composition.—The beads are made of a variety of materials, e. g., wood, glass, metal, bone, etc. The chain, heart, and medal are invariably made of metal. The cross is also metal though sometimes in combination with another material, e. g., wood.

Use.—A rosary is an article of religious devotion. It is used in church or at home for counting or reckoning a specific series of prayers, each bead and the cross or medal representing a prayer.

Varieties.—Rosaries are of several kinds, according to the special devotions for which they are used. They will, accordingly, differ one from the other in the number and arrangement of the beads. Each variety, however, possesses all the physical characteristics necessary to identify it as a rosary and to distinguish it from every other article of commerce.

Names.—All varieties are commonly and commercially known as rosaries. The dictionaries, however, sometimes refer to the smaller rosaries as chaplets or coronæ. The term chaplet is also used in France to signify a small rosary.

Domestic manufactures.—According to the best information available, the only rosaries made in the United States are those composed of precious metal or of precious metal in combination with beads of semiprecious or imitation precious stone.

Importations.—Practically all rosaries imported are made of base metal solely, or of base metal in combination with other common material, e. g., wood, glass, bone, etc.

The Government's import statistics do not reveal the quantity of rosaries imported. According to the importers' estimates, however, verified by inquiry at the appraiser's department, port of New York, the average annual importations approximate in value $300,000.

According to the best information obtainable, rosaries are imported from the following countries in relative proportions as follows: France, 75 per cent; Holland, 15 per cent; Czechoslovakia, Palestine, Ireland, Germany, Italy, 10 per cent.

UNCERTAIN STATUS OF ROSARIES UNDER PRESENT TARIFF ACT THE CAUSE OF MUCH LITIGATION.

Prior to the passage of the tariff act of 1897 rosaries were classified for duty according to their component material of chief value, i. e., as manufactures of wood, metal, glass, etc., or as nonenumerated manufactured articles as the case might be. They were, accordingly, subjected to various rates of duty.

During the pendency of the tariff act of 1897 an attempt was made to classify them as "Articles * * * in part of beads," under paragraph 408 of that act. The Board of United States General Appraisers so held them. Benziger's case, T. D. 28883 (G. A. 6739).

But the United States Circuit Court, Southern District of New York, finding that rosaries were not ejusdem generis with the other goods (ornaments, etc.) included in the context of paragraph 408, reversed the board. (Benziger *v.* United States, 172 Fed. 280.)

The Circuit Court's decision was affirmed by the United States Circuit Court of Appeals, Second Circuit. (United States *v.* Benziger, 178 Fed. 1006.)

Under the tariff act of 1909 another attempt was made to include rosaries in the bead paragraph (421) as "Articles * * * in chief value of beads;" but the Board of General Appraisers, following the principle of Benziger's case supra, held they were not so dutiable. So rosaries continued to be dutiable according to their component material of chief value.

Their varied classifications under the present tariff law will best be appreciated from the following brief summary of the courts' decision on rosaries:

Rosaries composed in chief value of wood beads, held dutiable as manufactures of wood, paragraph 176; rosaries in chief value of coco beads and seed beads, held dutiable as nonenumerated manufactured articles, paragraph 385; rosaries composed of metal beads held dutiable as manufactures of metal, paragraph 167. (Kennedy & Sons case, T. D. 34704, Abstract 36265.)

Rosaries in chief value of metal and bone, held dutiable as manufactures of those materials under paragraphs 167 and 368, respectively. (Pustet & Co.'s case, T. D. 34984, Abstract 37009.)

Rosaries assessed for duty as "Articles valued above 20 cents per dozen pieces designed to be worn on apparel or carried on or about or attached to the person" under paragraph 356, held dutiable as manufactures of metal, paragraph 167. (Hempstead & Sons' case, T. D. Vol. 29, p. 140, Abstract 38193.)

Rosaries assessed as jewelry under paragraph 356, were found to be composed of coco beads, steel chain and brass cross, in chief value of metal, no part plated with gold or silver, held dutiable as manufactures of metal at 20 per cent, paragraph 167. (Aubry's case, T. D. Vol. 29 p. 339 Abstract 38522.)

Rosaries assessed as "Articles valued above 20 cents per dozen pieces designed to be worn on apparel or carried on or about or attached to the person" under paragraph 356. Case submitted without evidence on appraiser's reports which stated merchandise was composed in chief value of metal, but did not state what metal or whether plated with gold or silver. Held dutiable at rate provided for articles composed wholly or in part of precious metals (50 per cent), paragraph 167. (Case of Woolworth, Malhami et al., T. D. Vol. 29, p. 339, Abstract 38523.)

Upon appeal by the Government from the decision last cited, the Court of Customs Appeals found the rosaries to be in chief value of metal, and valued above 20 cents per dozen pieces. Held in the absence of evidence, the collector's assessment under paragraph 356 was presumptively correct. Decision of board reversed. (United States *v.* Malhami et al., 7 Cust. Appeals, 175 T. D. 36493.)

Rosaries of silver-plated metal and colored glass beads assessed as "Articles valued above 20 cents per dozen pieces designed to be worn on apparel or carried on or about or attached to the person," paragraph 356; claimed dutiable as articles plated with silver, paragraph 167; held dutiable under paragraph 167. (American Bead Co.'s case, T. D. Vol. 29, p. 505, Abstract 38766.)

Upon appeal by the Government from the decision last cited, the Court of Customs Appeals affirmed the board's decision. (United States *v.* American Bead Co., 7 Cust. Appeals 132, T. D. 36456.)

Rosaries assessed under the jewelry paragraph (356), held dutiable as metal articles, paragraph 167. Case of Klein & Son et al., T. D., vol. 29, p. 505 (Abstract 38767).

Rosaries composed of seed beads and metal, held dutiable as "Articles not embroidered nor appliquéd, * * * in chief value of beads," paragraph 333. Benziger Bros. case, T. D. 36763 (G. A. 7975).

Rosaries assessed as articles in chief value of beads, paragraph 333; claimed dutiable as manufactures of wood, metal, and as nonenumerated manufactured articles under paragraphs 176, 167, and 385, respectively, held: Those in chief value of coco beads dutiable as nonenumerated manufactured articles, paragraph 385; those in chief value of iron or steel dutiable as manufactures of metal, paragraph 167; those in chief value of porcelain ware, colored, dutiable under paragraph 80. American Express Co.'s case, T. D., vol. 32, p. 745 (Abstract 4085).

Upon appeal by the Government from the decision last cited, the Court of Customs Appeals (one member dissenting), finding the rosaries to be in chief value of beads, held them dutiable as articles made of beads under paragraph 333. United States *v.* American Express Co., 8 Cust. Appls. 157 (T. D. 37286).

In commenting on the position of rosaries under the present law, the Tariff Commission summarizes the situation as follows:

"The classification of rosaries is also difficult. Three provisions are principally involved, this paragraph (333), paragraph 167, and paragraph 356. Rosaries having devotional use have been held not to come within paragraph 356, and are dutiable according to the component of chief value. When having a simple metal crucifix, rosaries might be dutiable at 50 per cent under this paragraph (333), and when having an elaborate crucifix of base metal, at 20 per cent under paragraph 167. (Summary of Tariff Information, 1920. Prepared for Committee on Ways and Means, p. 519.)

OBJECTIONS TO EXISTING TARIFF PROVISIONS FOR ROSARIES.

Administrative difficulties.—Whether rosaries shall be classified at 20 per cent under paragraph 167 as manufactures of metal or at 50 per cent under paragraph 333 as articles in chief value of beads depends on their dominant element of value. This is usually a close question and difficult of solution. Its determination entails not merely a comparison of the value of the metal as raw material with the value of the raw material in the beads, but rather the value of the finished metal parts with the value of the finished beads when both are ready for assembling into the complete article.

With the exception of certain kinds of crosses, the metal parts of rosaries are seldom imported—certainly not as parts of rosaries. Beads similar to those used in making rosaries are imported more or less frequently for a variety of purposes. Generally speaking, therefore, the appraisers have no definite knowledge of the values of the separate parts of the rosaries, except perhaps of the beads.

To meet this difficulty, the foreign sellers in many cases have been requested to state the relative values of the metal parts and the beads on their consular invoices.

Their statements, however, have not proved very helpful. Whether from reluctance to reveal the profit in the transaction or for some other reason, the proper distribution of overhead on the competing elements and the elimination of the cost of assembling and the profit on the completed article have not been adhered to.

Lack of uniformity in classifications.—Under the circumstances, therefore, the assessment of duty at 20 per cent or at 50 per cent depends very much on the judgment of the individual appraiser. This makes for lack of uniformity in classifications at the different ports of entry.

Anomalous results.—In order to insure uniformity of classification, the appraisers nowadays are largely guided by the character of the cross attached to the rosary; for the metal parts and beads are so close in value that the size and style of cross (metal) generally controls the classification. Of two rosaries, therefore, the same in all respects except as to the cross, the one with an elaborate cross will pay 20 per cent in duty, while that with a simple cross will pay 50 per cent. In other words, the inferior article takes the higher rate—an anomaly in customs practice.

A like anomaly is presented in the cost of the merchandise to the importer. In some instances the duty-paid price of a superior article (assessed at 20 per cent) is less than that of an inferior article (assessed at 50 per cent).

Effect on revenue.—It needs no demonstration to show that, if the present provisions are continued, few rosaries will be imported with plain crosses, and assessments at 50 per cent under the bead paragraph will diminish.

Embarrassment to importer.—The uncertainty of classification, involving as it does a difference of 30 per cent in the rate of duty (referring to rosaries without precious metal), has been a constant source of embarrassment to the importers in the conduct of their business, particularly in the matter of fixing the selling prices of their goods.

CONCLUSION.

We respectfully urge your committee to include in its report the eo nomine provision for rosaries as in paragraph 1444, Schedule 14, H. R. 7456, or in substantially the same form.

(Signed by: Benziger Bros., K. Beetar, Malhami & Co., Pustet & Co., and C. Wildermann Co., all of New York; Diederich-Schaefer Co., Milwaukee.)

STATEMENT OF FRANCIS J. SMITH, PHILADELPHIA, PA., REPRESENTING ASSOCIATION OF CATHOLIC PUBLISHERS, MANUFACTURERS, AND DEALERS IN CATHOLIC GOODS OF AMERICA.

Mr. SMITH. Gentlemen of the committee, I am speaking in the place of Mr. Frank Quinn, of Philadelphia. I represent the Association of Catholic Publishers, Manufacturers, and Dealers in Church Goods of America.

I would urge the separate classification of rosaries. The present clause is one framed as a result of a conference between Mr. Tilson, of the Ways and Means Committee; Mr. Ryan, legislative agent of the National Catholic Welfare Council; Mr. Quinn; and myself, representing the association. In fact, Mr. Ryan and myself, at the request of Mr. Tilson, prepared the present clause. Neither Mr. Ryan nor the association were interested in rates.

This separate classification of rosaries was requested by representatives of importers, recommended by the Tariff Commission and the customhouse appraisers, and inserted in the bill by the House. We urge the retention of separate classification. We are not interested in rates, whether they are high or low.

The question has arisen as to whether the words "similar articles of religious devotion" should be omitted. We have no objection to the omission in the new act of the words "similar articles of religious devotion."

Senator SMOOT. Do you want to scratch out those words "similar articles of religious devotion"?

Mr. SMITH. We believe that they will lead to confusion.

STATEMENT OF EMIL KLEIN, PROVIDENCE, R. I., REPRESENTING MANUFACTURERS OF ROSARIES, CHAPLETS, AND RELIGIOUS ARTICLES.

Mr. KLEIN. I represent a group of manufacturers of rosaries and religious articles, who are located at Providence, R. I., and different cities in Massachusetts who respectfully invite attention to paragraph 1444 of H. R. 7456, which provides for rates of duties on "Rosaries, chaplets, and similar articles of religious devotion." We recommend that paragraph 1444 be amended to read as follows:

Rosaries and chaplets of whatever material composed valued at not more than $1.25 per dozen, 15 per centum ad valorem; valued at more than $1.25 per dozen, 30 per centum ad valorem; any of the foregoing if made in whole or in part of gold, silver, gold plate, silver plate, precious or imitation precious stones, 50 per centum ad valorem.

All the manufacturers whose names appear on this brief that I will file got together and agreed upon what we need.

The rosary industry is not new. It was established more than 20 years ago. We submit that while the rates of duty provided in paragraph 1444 are adequate for some types of rosaries or chaplets, they are utterly insufficient, even with the American-valuation plan of assessing duty, for other types which these manufacturers have for many years manufactured for the American market.

Senator McLEAN. Why was it that this matter was not brought up before the Ways and Means Committee?

Mr. KLEIN. We had no information about the matter at that time; we had always been protected heretofore. I would like to file this brief with the committee.

Senator McCUMBER. That will be printed.

Mr. KLEIN. I have here some samples that I would like to show you. Exhibit No. 1 here [indicating] contains two rosaries made of imitation cocoa beads strung on nickel-plated chain with the customary corpus attached. This article sells in the American market for less than $1.25 per dozen. The duty specified in paragraph 1444, in which we concur, is 15 per cent ad valorem.

Exhibit No. 2 contains two rosaries, one made of imitation cocoa beads and nickel-plated chain, the other of nickel-plated beads and chain. These rosaries are valued at more than $1.25 per dozen. The duty provided in paragraph 1444, in which we concur, is 30 per cent ad valorem.

Exhibit No. 3 is a rosary of pressed beads and gold-plated chain and is of American manufacture. The cost of production is $16.63 per gross. Of this amount $3.67 is for material and $12.96 for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is $8.71. A duty of 30 per cent, American valuation, would bring the cost laid down here to $13.70. A duty of 50 per cent, American valuation, would result in a cost laid down in this country of $17.02 per gross.

Exhibit No. 4 is a rosary of fine cut beads and gold-plated chain and is of American manufacture. The cost of production is $21.61 per gross, of which amount $8.65 is for material and $12.96 for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is $11 per gross. A duty of 30 per cent American valuation would bring the cost laid down here to $17.49

per gross. A duty of 50 per cent American valuation would result in a cost laid down in this country of $21.80 per gross.

Exhibit No. 5 is a rosary of fine oval beads and gold-plated chain and is of American manufacture. The cost of production is $34.16 per gross, of which amount $21.20 is for material and $12.96 for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is $21.79. A duty of 30 per cent American valuation would bring the cost laid down here to $32.03. A duty of 50 per cent American valuation would result in a cost laid down in this country of $38.87 per gross.

We ask for a rate of 50 per cent ad valorem American valuation on this class of rosaries and chaplets, and desire in this connection to call the attention of the committee to the important fact that H. R. 7456 has materially advanced the rates above those of the present tariff law on both beads in imitation of precious and imitation precious stones, which form a large part of our raw material.

Senator McCumber. You assemble these [indicating samples]?

Mr. Klein. We buy them from the importers.

Senator McCumber. You give all those statistics in your brief?

Mr. Klein. Yes, sir.

BRIEF OF EMIL KLEIN, PROVIDENCE, R. I.

The firms whose names are affixed to this brief are manufacturers of rosaries or of rosaries and other religious articles and are located in Providence, R. I., and the Attleboros in Massachusetts.

They respectfully invite attention to paragraph 1444 of H. R. 7456, which provides for rates of duty on "rosaries, chaplets, and similar articles of religious devotion."

In the present and former tariff laws rosaries have been assessed at varying rates of duty under different paragraphs according to the component material of chief value. In the tariff bill now under consideration we find in paragraph 1444 a specific paragraph for all rosaries of whatever material composed. This provision is evidently made in order to prevent rosaries of precisely the same character and materials being assessed at varying rates at different ports of entry. We concur in this view and concede the desirability of a paragraph providing rates of duty for imported rosaries or chaplets.

Rates of duty.—Paragraph 1444 is as follows:

"Rosaries, chaplets, and similar articles of religious devotion, of whatever material composed, valued at not more than $1.25 per dozen, 15 per centum ad valorem; valued at more than $1.25 per dozen, 30 per centum ad valorem."

We respectfully submit that while these rates of duty are adequate for certain types of rosaries or chaplets, they are utterly insufficient, even with the American-valuation plan of assessing duties, for other types which the undersigned manufacture and have for years manufactured for the American market.

For rosaries or chaplets valued in the American market at not more than $1.25 per dozen we believe the specified rate of 15 per cent ad valorem to be adequate. For rosaries or chaplets valued at more than $1.25 per dozen and made of other than gold, silver, gold plate, silver plate, precious or imitation precious stones, we believe 30 per cent ad valorem to be sufficient. For rosaries and chaplets, however, which are made in whole or in part of gold, silver, gold plate, silver plate, or precious or imitation precious stones we ask a 50 per cent ad valorem rate, with duties assessed on American valuation.

As illustrative of the actual facts bearing on the situation we submit herewith the following exhibits:

Exhibit 1 contains two rosaries made of imitation cocoa beads strung on nickel-plated chain with the customary corpus attached. This article sells in the American market for less than $1.25 per dozen. The duty specified in paragraph 1444, in which we concur, is 15 per cent ad valorem.

Exhibit 2 contains two rosaries, one made of imitation cocoa beads and nickel-plated chain, the other of nickel-plated beads and chain. These rosaries are valued at more than $1.25 per dozen. The duty provided in paragraph 1444, in which we concur, is 30 per cent ad valorem.

Exhibit 3 is a rosary of pressed beads and gold-plated chain and is of American manufacture. The cost of production is $16.63 per gross; of this amount $3.67 is for material and $12.96 for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is $8.71. A duty of 30 per cent, American valuation, would bring the cost laid down here to $13.70. A duty of 50 per cent, American valuation, would result in a cost, laid down in this country, of $17.02 per gross.

Exhibit 4 is a rosary of fine cut beads and gold-plated chain and is of American manufacture. The cost of production is $21.61 per gross, of which amount $8.65 is for material and $12.96 for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is $11 per gross. A duty of 30 per cent, American valuation, would bring the cost, laid down here, to $17.49 per gross. A duty of 50 per cent, American valuation, would result in a cost, laid down in this country, of $21.80 per gross.

Exhibit 5 is a rosary of fine oval beads and gold-plated chain and is of American manufacture. The cost of production is $34.16 per gross, of which amount $21.20 is for material and $12.96 for labor. The cost of the same rosary made abroad and laid down in this country, exclusive of duty, is $21.79. A duty of 30 per cent, American valuation, would bring the cost, laid down here, to $32.03. A duty of 50 per cent, American valuation, would result in a cost, laid down in this country, of $38.87 per gross.

Exhibits 3, 4, and 5, which could be increased indefinitely, indicate that even with the American valuation method of figuring import duties 30 per cent ad valorem is an utterly inadequate rate of protection if the American manufacturer and wage earner is to compete with the foreign article.

We therefore ask for a rate of 50 per cent ad valorem, American valuation, on this class of rosaries and chaplets and in this connection desire to call the attention of the Committee on Finance to the important fact that H. R. 7456 has materially advanced the rates above those of the present tariff law on both beads in imitation of precious stones and imitation precious stones, which form a large part of our raw material. Beads in imitation of precious stones have been raised from 35 to 45 per cent and imitation precious stones have been raised to 45 per cent, although in the acts of 1909 and 1913 they bore but 20 per cent ad valorem. On the other hand, rosaries which under the act of 1913 are assessed at 50 per cent under paragraph 333 and paragraph 167, are provided for in paragraph 1444 of H. R. 7456 at 30 per cent.

We further recommend the elimination from paragraph 1444 of the words "and similar articles of religious devotion." This phrase probably would be made to comprehend a large variety of articles which have in all previous tariff laws been assessed under various paragraphs at varying rates of duty, most of which have been higher than those prescribed in paragraph 1444 of H. R. 7456, but which, if paragraph 1444 is unamended, will be assessed at either 15 or 30 per cent according to their value. As illustrative of this fact attention is called to the following:

Base-metal religious medals now assessed at 20 per cent under paragraph 167 of the present law would under an unamended paragraph 1444 carry but 15 per cent. With this phrase eliminated they would bear 35 per cent under paragraph 393 of the new law.

Gold, silver, gold-plated, and silver-plated religious medals now assessed at 50 per cent under paragraph 167 of the present law would, under an unamended paragraph 1444, carry but 15 or 30 per cent. With this phrase eliminated they would bear 45 per cent under paragraph 393 of the new law.

Religious jewelry, such as scapular lockets, scapular bracelets, scapular rings, and emblems of large variety now dutiable at 60 per cent under paragraph 356 of the present law would, under an unamended paragraph 1444, carry but 30 per cent. With this phrase eliminated they would bear 55 per cent under paragraph 1428 of the new law.

Gold and gold-plated crosses worn suspended from neck chains, now dutiable at 60 per cent under paragraph 356 of the present law, would, under an unamended paragraph 1444, carry but 30 per cent. With this phrase eliminated they would bear 55 per cent under paragraph 1428 of the new law.

Crosses of gold, silver, gold plate, and silver plate not jewelry, now dutiable at 50 per cent under paragraph 167 of the present law, would, under an unamended paragraph 1444, carry 15 or 30 per cent. With this phrase eliminated they would bear 45 per cent under paragraph 393 of the new law.

Crosses of nickel plate, not jewelry, now dutiable at 20 per cent under paragraph 167 of the present law, would, under an unamended paragraph 1444, carry but 15 per cent. With this phrase eliminated they would bear 35 per cent under paragraph 393 of the new law.

Religious medallions and plaques, which are now dutiable according to material at 30, 40, or 50 per cent, would be dutiable at 15 or 30 per cent under an unamended paragraph 1444. With the paragraph amended as suggested they would be dutiable under the new law at 40 or 45 per cent, or 25 per cent plus 65 cents per pound, according to material.

In addition to these articles many others could be mentioned which now bear a higher rate of duty than the 15 or 30 per cent mentioned in paragraph 1444 and which, with the retention in that pragraph of the phrase "and similar articles of religious devotion," would be susceptible to classification thereunder, such as marble and plaster of Paris images, scapulars of wool and felt, holy-water bottles of glass, sanctuary candles, sanctuary oils, pyxes, incense, religious pictures, altar laces, scapular points, prayer books, reliquaries, candlesticks, and altar vessels.

The inclusion of all or any of these articles within paragraph 1444 would result not only in a loss of protection to the American manufacturer and artisan but in a loss of revenue to the Government.

Furthermore, the phrase "and similar articles of religious devotion" will nullify the purpose of a distinct rosary paragraph, in that whereas customs officials have had difficulty in the past in classifying rosaries correctly still greater difficulties will arise through their being unable to determine what articles may come within the scope of this provision.

We submit that the presence of this phrase in paragraph 1444 is contrary to the theory of the protective tariff. That theory is that the tariff should equal the difference between the cost of production in the United States and in foreign countries, and that upon a tariff being enacted competition between American and foreign manufacturers will arise which will tend to keep prices within reasonable bounds, notwithstanding the duty paid. The classification of an article according to its use is contrary to this principle, as the difference in the cost of production at home and abroad is the same regardless of use.

We therefore respectfully ask and recommend that the phrase "and similar articles of religious devotion" be stricken out from paragraph 1444.

In conclusion and in conformity with the facts as herein set forth we respectfully submit the following as a rosary paragraph which will cover all rosaries, yet at the same time give protection to the domestic manufacturer and will not contain a clause or phrase capable of defeating the intent of Congress as indicated in various paragraphs of the act:

"Rosaries and chaplets, of whatever material composed, valued at not more than $1.25 per dozen, 15 per centum ad valorem; valued at more than $1.25 per dozen, 30 per centum ad valorem; any of the foregoing if made in whole or in part of gold, silver, gold plate, silver plate, precious or imitation precious stones, 50 per centum ad valorem."

(Submitted by: Louis Stone Co., Providence, R. I.; Waite Evans Co., Providence, R. I.; Wolcott Manufacturing Co., Providence, R. I.; The Bassett Jewelry Co., Providence, R. I.; Costello & Co., Providence, R. I,; The Williams & Anderson Co., Providence, R. I.; Chapin & Hollister Co., Providence, R. I.; Payton & Kelley Co., Providence, R. I.; Theodore W. Foster & Bro. Co., Providence, R. I.; The H. N. H. Co., Pawtucket, R. I.; William A. Wallace, Providence, R. I.; R. J. Ward Co., Providence, R. I.; Bliss Bros. Co., Attleboro, Mass.; R. F. Simmons Co., Attleboro, Mass.; S. O. Bigney Co., Attleboro, Mass.; Whiting & Davis Co., Plainville, Mass.; H. D. Merritt & Co., North Attleboro, Mass.; Swift & Fisher, North Attleboro, Mass.; H. F. Banous & Co., North Attleboro, Mass.; Doran Bagnall Co.; Ballow Manufacturing Co. (Inc.), Attleboro, Mass.; Bates & Bacon, Attleboro, Mass.; G. Klein & Son, Providence, R. I.; The Geo. L. Vose Manufacturing Co., Providence, R. I.; Gorham Manufacturing Co.)

CHURCH STATUARY.

[Paragraphs 1447, 1660, and 1685.]

STATEMENT OF JOHN J. KIRBY, NEW YORK CITY, REPRESENTING MANUFACTURERS OF CHURCH STATUARY.

Mr. KIRBY. I represent eight or nine manufacturers of church statuary—the Bernardini Statuary Co., New York City; Da Prato Statuary Co., Chicago, Ill.; A. T. Kaletta & Co., St. Louis, Mo.; A. D. Prato Co., Boston, Mass.; Munich Statuary Co., Milwaukee, Wis.;

Dubuque Altar Manufacturing Co., Dubuque, Iowa; European Statuary Co., Milwaukee, Wis.; Joseph Poli, Pittsburgh, Pa.; Biagi Statuary Co., Chicago, Ill.; and St. Paul Statuary Co., St. Paul, Minn. They manufacture what is known as church statues, which vary in size from a few inches to 6 or 8 feet.

Senator WATSON. What paragraph do you refer to?

Mr. KIRBY. I take it we come under 1447. We are in no sense manufacturers of works of art. The main competitors which these companies have in the sale of this statuary are the German manufacturers. I have compiled and will submit to the committee in brief form a comparative statement of cost to domestic manufacturers and our German competitors of a typical statue, a 5-foot statue, which is retailed in this country at, say, about $100. We do very little wholesale selling, but when it is sold at wholesale it sells for about $85.

Senator SMOOT. What do you ask?

Mr. KIRBY. We think we ought to have 50 per cent on American valuation, instead of 15 per cent, for the reason that, due to German labor and material costs, this same statue, which costs us $77.22 to make, costs the German manufacturer $18.26, and if we got protection of 50 per cent that would give us protection to the extent of $50 on these 5-foot statues, which, added to the $18.26 which it costs the German manufacturer to produce, would require them to bring them in at a cost plus duty of $68. We think if we get that protection we will be able to compete with them.

Senator JONES. Can you manufacture them for $68?

Mr. KIRBY. We can manufacture them for $77.22.

Senator JONES. How can you compete with a German manufacturer who can make them for $68?

Mr. KIRBY. We believe that the German mark is going to be very much higher in the future than it is to-day.

Senator JONES. The general belief is that it is going lower.

Mr. KIRBY. I do not see how it can go much lower without going out of sight.

Senator JONES. The general belief is that it is going out of sight.

Mr. KIRBY. I think that because of the fact that we have greater efficiency and better salesmanship than they have there, if we can have protection to the extent of $50, or 50 per cent of the American valuation, we can compete with them.

Senator MCLEAN. How are these statues made?

Mr. KIRBY. They are cast from a mold.

Senator MCLEAN. What does the labor cost?

Mr. KIRBY. The total factory cost is $44.78. The labor cost is $30.20 on that statue.

Senator SMOOT. You would need 400 per cent, based on the cost to manufacture in Germany.

Mr. KIRBY. At least 250 per cent on such basis. If the duty were to be put at 15 per cent, as recommended in the Fordney bill, we would simply have to go out of business; we could not compete with them.

Senator JONES. Your statues are used in churches, are they not?

Mr. KIRBY. They are used almost entirely for devotional purposes in churches.

Senator JONES. How large a factory have you?

Mr. KIRBY. We have a factory that comprises an entire building, which employs 40 men. All of these companies employ between 800 and 900 men. They have a total annual output of 100,000 statues, of various sizes, the average price of which is about $25—the selling price. This 5-foot statue would sell for about $100, but we manufacture statues from 6 inches up to 6 feet.

Senator SMOOT. I should think there would be just as much difference in the cost of the smaller statues as in the cost of the large ones.

Mr. KIRBY. I think there is, and we take the large statue only as typical, and we think the same protection ought to extend to any statue of any size.

Senator JONES. If you were to close up your business the churches could get a statue of that size for $20, which you want them to pay $100 for?

Mr. KIRBY. We want to protect the American workman by having fair competition.

Senator JONES. But that is the result?

Mr. KIRBY. That would be the result, and the result would also be that you would throw out of employment 900 to 1,000 men, and these companies which have built up their business during 25 years. We have consulted with prelates, and as far as we have been able to discover they are not opposed to reasonable protection. They believe as well as anybody else that the American workman ought to be protected and ought not to be thrown out of employment, after we have won the war, by permitting goods manufactured at such costs to come in from Germany.

Senator SMOOT. I thought even the churches were having a hard time.

Mr. KIRBY. I can not speak for the churches, but I believe they think the American workman ought to be protected, and I think the churches are willing to have this done, and so far as I have been able to find out they do not oppose this.

Senator SMOOT. The churches can be supported if their members are always employed?

Mr. KIRBY. Exactly, if their members are employed. I think it would furnish a very sad commentary on American life if the churches were willing to profit at the expense of the American workman.

BRIEF OF JOHN J. KIRBY, REPRESENTING THE ASSOCIATION OF DOMESTIC MANUFACTURERS OF CHURCH STATUARY.

We are domestic manufacturers of articles termed "church statuary" and technically known as casts of sculpture painted and decorated.

The article is admitted free of duty (*a*) under the provisions of paragraph 611 of Schedule N of the tariff act of 1913, when it is to be used for art educational purposes only, and (*b*) under the provisions of article 655 of Schedule N of said act, where it is a work of art and is imported expressly for presentation to national institutions, etc.

In all other instances the importation of the article is subject to a duty of 35 per cent ad valorem (if not painted or colored) and 40 per cent ad valorem (if painted or colored) based upon a chief component part, earthenware, pursuant to the provisions of paragraph 79 of Schedule B of said act, and 25 per cent ad valorem based upon another chief component part, viz, plaster of Paris, under section 369 of the act.

Under the Fordney bill (par. 1447) it is proposed to levy a duty of 15 per cent ad valorem on statuary.

The duty levied upon statuary under the tariff act of 1913 (viz, 35 to 40 per cent ad valorem on earthenware, a main component of our product, and 25 per cent ad valorem on plaster of Paris, another main component of our product) is utterly inade-

quate for a protection to our industry. The duty proposed to be levied upon statuary by paragraph 1447 of the Fordney bill (15 per cent ad valorem) is also utterly inadequate for a protection to our industry.

We earnestly recommend that a duty be levied upon the American valuation of our product, i. e., the sale price of the article in the United States, and that a duty based upon such valuation, or sale price, be fixed at 50 per cent. If the basis upon which the duty is levied is the valuation of the imported article abroad, or its cost to manufacture abroad, we would require for our protection a duty of at least 250 to 300 per cent.

Any smaller percentage of duty than these here suggested would be utterly runious to our business, because of the conditions now existing in Germany, the foreign country where our product is to a very large extent manufactured.

At the time the tariff act of 1913 was enacted the scale of wages in our industry in the United States was less than one-half that now being maintained, and the cost of materials entering into the composition of our product has more than doubled in the intervening years.

The present scale of wages among those employed in our industry in Germany, our principal competitor country, is about 20 per cent of that which obtains in the United States, and the cost in Germany of the materials entering into our product is about 40 per cent of the cost to us of these same materials. We shall explain these labor costs more in detail in a latter part of this brief. The loss in the value of the foreign medium of exchange, the mark, has greatly aggravated the conditions of competition which we must meet. It is no answer to our claim for adequate protection because of the great advance in our scale of wages to say that the wage of the German workingmen in our industry has also been increased. While these wages may have been increased in point of number of marks, they have not increased in gold value, because of the diminished value of the medium of exchange.

We are a temporary association recently formed for the purpose of presenting to Congress, through your committee, the subject of adequate protection to our industry. We represent the great bulk of the industry in the United States.

Our industry is an important one, which is carried on in several of the large centers of population in the United States, notably New York, Chicago, St. Louis, Boston, Philadelphia, Milwaukee, Pittsburgh, and Dubuque. It employs hundreds of men who are engaged in an occupation that is a highly skilled one, in which no machinery is used, and hence, no method of labor saving is possible. Our workmen are, therefore, brought into direct competition with the low-priced hand worker in Germany. Taking the year 1920 as a basis, upwards of 100,000 religious statues were cast and sold by the domestic manufacturers of the United States. This includes statues over 1 foot high and embraces statuary, bas-relief, etc., up to a height of 6½ feet. The average sale price per piece of our product is $25, so that the yearly value of our industry is upwards of $2,500,000.

The article manufactured by us is best described as a hollow figure of a religious subject, cast from a mold. The cast is made up of earthy substance, plaster of Paris, cement, or terra cotta, which is painted and decorated. It is used largely for devotional and decorative purposes in churches, religious institutions, and private houses. Many of the figures are life size and they range down to a few inches in height, but the larger figures form the bulk of the industry. The figures are in the round, in single, in groups, and in bas-relief. The market price ranges from $85 to $100 for a 5-foot statue of "rich" or "extra rich" decoration, varying according to the component material or the value of the decoration used.

Our product is not a work of art in any sense of the word. A man of some skill makes a clay model, from this clay model molds and casts are struck off until a final mold is made for permanent use. The mold is either made of glue and plaster of Paris, or plaster of Paris alone. One is called "a glue mold," the other a "piece mold." From this final mold the statue is cast. Neither the original creation, the glue model, nor the final mold as cast and decorated is recognized by art schools or art authorities as a work of art. They are properly classified as trade articles, the products of a factory or workshop similar to the classification given to profane statuary and other articles cast from stock molds.

The item of labor forms a large percentage of the cost of production of the article, and for this reason we should receive adequate protection, since the main purpose of a protective tariff is to protect American labor and to maintain the high standard of living now enjoyed by the American workman in which we all take so just a pride. The men engaged in the manufacture of our products are classified in five groups, viz, casters, cleaners or finishers, flesh painters, drapery painters, and free-hand workers. Our main competitors are the German manufacturers. Our casters and cleaners or finishers are paid $6 a day, our flesh painters $7.20 a day, and our drapery painters

and free-hand workers $6.40 a day for eight hours' work. The German casters, cleaners and finishers are paid $1.12 a day, the flesh painters $1.44 a day, and the drapery painters and free-hand workers $1.28 a day. In other words, our workmen are paid about five times the wages of the foreign workmen.

Taking the price paid per hour the following are the comparative labor costs in our industry in the United States and in Germany:

	German.		American.
	Marks.	*Dollar.*	*Dollar.*
Casters	7	0.14	0.75
Cleaners or finishers	7	.14	.75
Flesh painters	9	.18	.90
Drapery painters	8	.16	.80
Free-hand workers	8	.16	.80

These figures are based upon the supposition that the German mark has a value in American money of 2 cents, which was its value when the figures set forth above were prepared for submission to the Ways and Means Committee of the House of Representatives. The value of the mark is now a trifle over half a cent, so that the amount paid per hour to-day to the German workman is only one-quarter the amount in cents set forth in the figures above. We have not, however, changed these figures, because we believe that the mark will eventually again be worth 2 cents in our money.

As a fair basis of comparison we have taken a 5-foot statue cast in composition plaster cement, etc., of "extra rich" decoration (that being the most popular in size and material of the products of our industry) and compared the cost of this statue, based on labor wages, materials, and overhead, in America with the cost of a like statue manufactured in Berlin or Munich. Our figures are based on data obtained from various sources, including that given by impartial experts in these cities:

Cost of production of 5-foot church statue cast, technically known as religious cast of sculpture, painted and decorated.

	Domestic.	Foreign.
Labor, including preparing mold, pouring in and removing, casting, finishing, decorating, making cases, packing, and shipping	$30.20	$6.04
Materials, including casting plaster, fiber, iron, dextrin, oils, turpentine, paints, gold leaf, use of brushes, excelsior, and wood	14.58	5.83
Prime cost	44.78	11.87
Overhead expense, including rent, salaries, commissions, heating, gas, light, expenses of salesman (100 per cent of labor cost)	30.20	6.04
Loss and collections (3 per cent)	2.24	.35
Total factory cost	77.22	18.26
If a duty of 50 per cent of the American valuation ($100) is imposed, this will amount to	.....	50.00
The total cost of a domestic as compared with a foreign statue will be	77.22	68.26

These figures do not include interest on principal, or capital or profit of any kind. They represent rock bottom cost and show that even with the duty imposed which we ask for, viz, 50 per cent of the American valuation, the importer can undersell us.

It is also to be noted that the German cost to manufacture, viz, $18.26, is based upon a mark valued at 2 cents in American money. Since these figures were prepared, as has been before stated, the mark has diminished in value to half a cent. We have made extensive inquiry and so far as we have been able to ascertain, the German workman is now paid no more marks per hour than when the mark had an exchange value of 2 cents. We have not, however, changed our figures, because we believe that the mark will in time be again worth 2 cents.

Prior to the outbreak of the World War, it is a well-known fact in the industry that foreign manufacturers of church statuary, particularly the German manufacturers, had orders from numerous commission houses in the United States which when the war broke out they were unable to deliver, and we believe that if adequate protection is not given us, these statues will be dumped upon the American market at prices that we can not possibly meet and make a profit, or even without serious loss. The utter ruin of a business which we have built up and improved in the last 20 years will

inevitably result. The signs of this foreign invasion are already numerous. Representatives of these domestic commission houses have been in Germany since the close of the war and some of them are now in that country. Some of these representatives have actually brought over to this country products of church statuary made in Germany, and sold them at prices far below the cost of manufacturing the same goods in America. This is a fact that can be substantiated, if your committee so desire, by names of commission houses, of foreign manufacturers, date and price for which the foreign product has been recently sold.

If adequate protection is not given us it will mean one of three things for us, either ruin, closing of our factories, or the removal of same to Europe (as was contemplated by more than one of our large manufacturers following the Supreme Court decision hereinafter referred to) and there manufacturing our articles for purposes of sale in the United States.

Our fear is not alone from the European manufacturer, but from the Canadian manufacturer, and in this connection it is well to note that Canada imposes a large duty on our article going from the United States to Canada and does not afford any release from duty where the article is to be used as models or for art educational purposes only.

With any such duty on our article as now obtains, viz: 25 to 40 per cent ad valorem, or such as is proposed by the Fordney bill, viz, 15 per cent ad valorem, all the foreign manufacturer will have to do when the production of any style of article of an American house interferes seriously with the sale in the United States of his similar product, is to drop the scale of prices on such article below even the cost of the American manufacturers, which he can readily do and still make a handsome profit as is demonstrated by the cost figures presented above.

The profits in our industry are not large, as we are obliged to sell the product at a small relative percentage over the cost. Our industry has greatly increased in volume in the last decade. It is by virtue of this increase in volume and by superior methods of salesmanship, as well as by careful management, that we have been able to make sufficient profit to justify our continuance of the business. Despite the fact that prices of materials and wages mounted to such heights within the past three years, we have still been able to keep our heads above water by reason of the fact that the war prevented the importation of our product. The great manufacturing centers of our competitors in Germany could not export anything. Now that the war is over, if this labor cost to us and the price of materials is to continue, not only at its present level, but far below same, we shall still need the assistance of a very high protective tariff to prevent our being submerged by the product resulting from the low scale of wages and material cost now prevailing in our competitive countries in Europe. At the time the present tariff was enacted wages in our industry were less than half what they are to-day, and at that time the value of the marks was 48 times what it is to-day. We pay our men $6 to $7 per day, whereas the German workman in our industry is paid about 75 cents to $1.50 a day, based upon a mark worth 2 cents and one-quarter of this amount at the present rate of exchange. The labor item is the great item of expense in the manufacture of our product, the factory labor cost alone being about 70 per cent of the total factory cost.

We can not get along with any rate of duty such as that now existing, or without one several times as large as the present duty.

We have conferred with prelates and other churchmen, the principal purchasers of our product, and they have no opposition to the imposition by Congress of a tariff upon the importation of foreign church statuary sufficient to protect our industry. None is more responsive than they to the necessity for protecting the American workingman at this time from unemployment that will necessarily result from permitting the product of the underpaid and underfed workingman of Europe to come to our shores without the imposition of an adequate duty. It would be one of the crimes of the ages if the American workman should be thrown out of employment after he had saved Europe and civilization by failure to prevent German manufacturers from controlling our market by a scale of prices which we can not meet and employ American workmen.

We ask therefore that the duty on statues be fixed at 50 per cent of the American valuation or American sale price.

We wish only such protection as may be necessary at any future time to bring the cost of production abroad up to or nearly up to the cost of production in the United States.

FREE LIST PROVISIONS AFFECTING STATUARY.

So far as the provisions of paragraphs 611 and 655 of Schedule N of the tariff act of 1913, which are applicable to statuary and casts of sculpture, are concerned, we respectfully recommend to the committee that these provisions be not changed in the

proposed revision of the tariff. Sections 1660 and 1685 of the Fordney bill practically reenact these provisions of the present tariff act. These provisions were enacted so as to confine the importation free of duty of statues and casts of sculpture to such statuary and casts of sculpture as are to be used "as models," or "for art educational purposes only," and to such "works of art or productions of American artists residing temporarily abroad," or "other works of art" as are "imported expressly for presentation to a national institution or to any State or municipal corporation or incorporated religious society, college, or other public institution." subject in every instance to such regulations as the Secretary of the Treasury shall prescribe.

The policy of the framers of the act of 1913 was to give what was then adequate protection to our infant industry by an ad valorem duty sufficient for that purpose and at the same time not to injure the prospects of art education within our borders, or discourage American artists abroad by levying a duty upon importation of art objects for educational purposes or upon the products of American artists residing temporarily abroad. In these two instances, therefore, they made an exception and permitted the importation free of duty in the one instance of statuary or casts of sculpture when used for art models or for educational purposes only, and in the other instance, of works of art or productions of American artists residing abroad. The only other exception which was made in the act of 1913 in favor of free importation of statuary, is in the instance of "works of art specially imported not for sale but for the use and by the order of a society established for religious, etc., purposes." It was to encourage the importation of works of art strictly so called that the legislators made this latter exception. We have no fault to find with the exceptions thus made to the levying of duty upon statuary, but we earnestly recommend that no further exceptions be made, in order that bars may not be let down to the further importation of our articles free of duty, because this would ruin the business which we have built up after years of striving and earnest effort.

A brief statement of the history of this limitation on the free entry of casts of sculpture may be helpful to your committee. Prior to the tariff act of 1897 the church statuary industry was not recognized to any extent in the United States. Paragraph 649 of that act, however, aimed to give to our industry a protection against the flooding of the American market with European church statuary admitted free of duty, and provided that "casts of sculpture where specially imported for the use and by the order of any society incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes," etc., should be admitted free of duty. From the enactment of this law in 1897 down to the month of January, 1904, the term "casts of sculpture" contained in this section was construed by the Treasury Department and the custom authorities as not including church statuary, upon the theory that the words "specimens or casts of sculpture" referred to works of art, the exclusive production of an artist or sculptor, whereas "church statuary" was construed to mean a cast, painted and decorated, a manufactured product, the production of a mechanic or laborer, which was made on lines conflicting with true art. Under this construction of the words "specimens or casts of sculpture" appearing in the act and the term "church statuary," a duty was levied and collected upon church statuary from 1897 until 1904, varying from 35 to 60 per cent, depending on the material entering into the production of the statuary. For example, a statue cast of composition of earth, cement, etc., paid a duty of 35 per cent; one cast of plaster of Paris, a duty of 45 per cent; and one cast in terra cotta, porcelain, etc., 60 per cent; under respective paragraphs 67, 450, and 95 of that act. The collector of the port, the board of appraisers, the Circuit Court of the United States, and the Circuit Court of Appeals upheld this construction. The Supreme Court of the United States, however, in Benziger *v.* United States, reported in 192 United States at page 38, in January, 1904, reversed these decisions and held that "church statuary" so called, came under the generic term "specimens or casts of sculpture" as used in paragraph 649 of the act of 1897 and permitted "church statuary" to be imported free of duty when imported for use and by order of such associations as were mentioned in the act. As a result of this decision from that time on until the enactment of the tariff act of 1913, churches, which formed the bulk of our trade, were permitted to import our product free of duty, and our industry in America was threatened with utter destruction. The matter was brought to the attention of the Congress which enacted the present tariff act and it immediately corrected, at the instance of our representatives, and for our protection, the faulty wording of the act of 1897, and enacted by paragraph 611 of the present act what its predecessor intended to enact in 1897, viz, that "statuary and casts of sculpture for use as models and for educational purposes only" should be admitted free of duty. It is respectfully submitted that so wise a policy now in existence for over seven years and in existence for sixteen years prior to 1913, except for the short period that the extreme construction given to the act by the Supreme Court changed the policy, should not now be changed.

LEAD PENCILS.

[Paragraph 1449.]

STATEMENT OF NATHAN BILDER, VICE PRESIDENT A. W. FABER (INC.), NEWARK, N. J.

Mr. BILDER. I am vice president of A. W. Faber (Inc.), a New Jersey corporation, with its place of business in Newark, N. J. Among other things, it is engaged in importing lead pencils. This industry is American owned; it has American stockholders. We are opposed to the increase in duty as proposed in the bill of the House.

Senator McCUMBER. In the pencil, or in the material?

Mr. BILDER. In the pencil, the finished product. We believe that the duty which has been paid since 1913 is sufficient to protect the industry.

Senator JONES. How much was that?

Mr. BILDER. It is 36 cents per gross minimum, or 25 per cent ad valorem. That is the present duty.

Senator SMOOT. The House bill has in addition 50 cents per gross and 25 per cent ad valorem.

Mr. BILDER. Fifty cents and 25 per cent ad valorem and some cumulative duty on caps, which I will speak of in just a moment.

Senator McCUMBER. Is that too much?

Mr. BILDER. Yes; it is. We think that the present duty of 36 cents per gross minimum, or 25 per cent ad valorem without any cumulative duties, are sufficient and have been sufficient to protect the American industry.

Senator JONES. Are you a manufacturer of pencils?

Mr. BILDER. We are importers of pencils.

Senator SMOOT. Do you not also manufacture?

Mr. BILDER. We do not manufacture.

Senator McCUMBER. What is your company?

Mr. BILDER. A. W. Faber (Inc.).

Senator McCUMBER. Your product is from abroad?

Mr. BILDER. All the pencil product is manufactured abroad.

Senator McCUMBER. Are they manufactured by your company abroad?

Mr. BILDER. No. If I may just take a moment to explain, this industry was purchased by American capital from the alien enemy property custodian, in 1917 I believe. Before the war it was German owned, but it was purchased during the war from the alien enemy property custodian.

Senator WATSON. German owned, but operated in the United States.

Mr. BILDER. It was before the war.

Senator WATSON. And it was taken by the Alien Property Custodian?

Mr. BILDER. Yes, sir; and purchased by American capital. It manufactured abroad and sold over here. It had a plant for the manufacture of pencils, and the pencils were imported from the other side.

Senator WATSON. So that all the Faber pencils used in this country came from abroad?

Mr. BILDER. A. W. Faber pencils. There is another company known as the Eberhard Faber, which has an American product manufactured in this country.

Senator JONES. Do those other manufacturers want this reduced?

Mr. BILDER. The manufacturers of pencils in this country want this proposed increase, I suppose.

Senator JONES. You will have to meet their argument. Why do you want it reduced?

Mr. BILDER. We want it reduced because we believe that is all the protection required, as afforded in the present tariff rate; that it does not require any increase in the tariff rate in order to give them protection.

Senator JONES. What does the German laborer get who makes these pencils?

Mr. BILDER. I am unable to tell you what the German laborer gets, but I am able to say this, that this industry which has grown to the tremendous proportions that it is to-day, the American industry, is controlled at the present time by what is known as the Big Four. These four companies practically control and have for some time controlled 95 per cent of the pencil distribution in this country. German competition has not hurt them any. They have been able to build up this stupendous business, which controls 95 per cent of the pencil industry, in the face of a tariff which was 36 cents per gross, or 25 per cent ad valorem, or, during the earlier tariff, 45 cents per gross and 25 per cent ad valorem. So that your present rate is all that is necessary, unless you want to drive out competition entirely and create a monopoly which will enable the American manufacturer to fix any price that he wants on this article without fear of reasonable competition; unless you want that, it is unnecessary, unjustifiable, and uncalled for to have an increase.

Senator JONES. Even under the figure you ask they have built up this monopoly, have they not?

Mr. BILDER. They have built it up to a figure which at the present time is adequate for their protection, and which has enabled them to build up this tremendous business.

Senator JONES. You are not asking to have it reduced?

Mr. BILDER. I am asking that they leave it as it is and let us do our little import business and not drive us out of business.

Senator WATSON. How much did the imports increase before the war?

Mr. BILDER. I can give you the figures. In 1919 the exports by American manufacturers amounted to $3,565,347.

Senator WATSON. Exports?

Mr. BILDER. Yes, sir. In 1920 they amounted to $3,849,231. The imports in 1920 were $225,578, or less than 6 per cent of the American manufacturers' export business. In 1914 this business was German owned, and when the importation of pencils into this country was done by practically two or three importers the total business which A. W. Faber did at that time, in 1913, before the war, was less than $150,000, and they did pretty nearly half of the importing business. So that the importation of pencils has not been a menace to the American manufacturer of pencils.

Senator MCCUMBER. The protection which might have been perfectly adequate before the war, when the relation between American

labor and German labor remained about stationary for a number of years, might present an entirely different case when American labor has doubled and German labor has been cut about half way in two in actual earning capacity?

Mr. BILDER. That might be so, and yet it has not reflected itself to any extent in 1920.

Senator SMOOT. It has scarcely had time to reflect itself.

Mr. BILDER. We have had the opportunity of getting the pencils under the present duty of 36 cents per gross, or 25 per cent ad valorem, and we can not import pencils in large quantities and compete favorably with American manufacturers on that. My argument is addressed to the fact that the American manufacturer of pencils to-day is practically controlled by the Big Four, who control 95 per cent of the business. The proposed increase would give them an absolute monopoly, with no fear of one dollar's worth of pencils being imported into this country. Let me just give you an example of what would result if the features of this cumulative tariff which are contained in section 1449 are maintained. Take a pencil costing in a foreign port $1.40 per gross:

Twenty-five per cent ad valorem equals, per gross, 35 cents; specific duty, per gross, 50 cents; because the lead pencil bears an imprint other than the manufacturer's, an additional 50 cents; making a total of $1.35, which is 275 per cent higher than the present duty of 36 cents per gross and nearly 100 per cent of the original cost.

Now, take a popular brand, the School Boy brand, of pencil, at $2 per gross: Twenty-five per cent duty, 50 cents; for name other than manufacturer's, 50 cents; specific duty, 50 cents; rubber tips, 25 cents; total, $3.75. Add to this the cost of insurance and freight, 15 cents, the importer's cost would be $3.90.

Senator JONES. At what price do those pencils sell wholesale in this country.

Mr. BILDER. Those pencils would sell at about $3.60 a gross in this country. Under this new law they would cost the importer $3.90.

Senator JONES. Would it not be even worse than that? You say they wholesale at $3.60?

Mr. BILDER. Yes, sir.

Mr. JONES. And the ad valorem duty is 25 per cent, which would be 25 per cent of $3.60.

Mr. BILDER. That would be on the American valuation.

Senator JONES. That is what this bill provides for.

Mr. BILDER. I have not worked this out on the American valuation. I have not gone into that yet. It would be considerably more than that with American valuation.

Senator JONES. Twenty-five per cent of $3.60 would be 90 cents. Figuring that way how much would you have?

Mr. BILDER. I have not considered this thing from the standpoint of American valuation at all. If the American valuation feature is adopted, all of the arguments that were put forward by the opposite side fall, because they say these things are valued on the other side, and in that way they ask that the duty be increased. But I can see what you have in mind, and if it is based on the American valuation that pencil would cost very considerably more than $3.90.

Senator JONES. That is what I wanted to bring out. I thought you had overlooked that.

Mr. BILDER. It would bring it nearer between $4.50 and $5 for a pencil which they are able to sell for $3.60. In any aspect in which you figure the valuation on this pencil under the cumulative features contained in this act, you will find that in no conception of the calculation will your increase run below 135 per cent of the present duty, based upon a foreign and not American valuation, and if you take it upon American valuation it will be over 250 per cent.

These cumulative features that are contained in the proposed act are 50 cents per gross additional for the imprint and 25 cents additional because of the tip on the pencil. Those were unknown to any other previous legislation on this subject. They are entirely new features that have been adopted and will completely eliminate any possibility of competition—fair, honest, legitimate competition—with the American industry.

Senator JONES. What is the German price of that pencil that sells wholesale here for $3.60 per gross? What is the German price of that?

Mr. BILDER. $2.

Senator JONES. $2?

Mr. BILDER. Yes, sir; on the other side.

Senator JONES. I am a little bit surprised at the German price because gentlemen who testified before you about the German factories here have generally put the German cost at about one-tenth of what it is in this country. I notice you put it at about one-half or perhaps more than one-half.

Senator MCLEAN. That represents the price that they sell at. They do not cost anything.

Mr. BILDER. They get their cedar and their graphite here, so I suppose they do cost something.

Senator JONES. Do the German people get their cedar and their graphite in this country?

Mr. BILDER. They get the cedar in this country. They get a great amount of their graphite from Mexico. Most of the graphite comes from Mexico, I think.

I have set forth comparative tables in this memorandum which I am going to file.

I have only one more word to say, and that is that we are not, of course, opposed to a law which will permit American citizens to thrive and prosper. We contend that this industry has prospered on a tariff which has afforded them ample protection before the war and since the war, and that the features of the present law, or the proposed law, rather, if enacted, will drive us completely out of business.

Senator JONES. If you are going to protect them so that they have control of 95 per cent of the business, why not let them have it all?

Mr. BILDER. I suppose we want to do our little share of the business, little as it may be. We have a sort of abiding faith that that little is going to keep us going.

Senator JONES. Don't you think it would be in the interest of the American people for these people to do a little more business rather than let the others have the lion's share of the prosperity?

Mr. BILDER. I have no doubt that it would be, especially on an article that is used by millions of school children. If you should eliminate even this small amount of competition, small as it is, then you will have maintained a monopoly.

Senator JONES. I believe in most of the States of the Union the schools themselves purchase the pencils for the children, so that would have a tendency to reduce the taxes.

Mr. BILDER. I have no doubt about it.

Senator JONES. I think you are too modest. I think you ought to demand a greater share of the business.

Mr. BILDER. I hope the committee will think my request is modest. If we can succeed in maintaining the present rate, we will feel that we have accomplished something for the American public consuming this large amount of pencils, and at the same time be able to live ourselves.

I have scanned the brief of the Eagle Pencil Co., which is the largest of this Big Four combination, for any real reason, based upon facts, other than the mere assertion of a conclusion——

Senator JONES (interposing). Don't you imagine they will come in and tell us that labor over there is obtained for 4 cents a day, as one gentleman did, and that they have got to have a tariff even higher than this mentioned in this bill?

Mr. BILDER. The only reason that they urged in their brief before the House—I may not have been able to find something that was there, but I looked it over carefully and was unable to find any real reason for an increase, except that they say that the invoices on the other side are undervalued and that, therefore, they are able to come in here cheaper. I do not think that can be substantiated by facts here, and if the American valuation feature is adopted, that argument necessarily falls, because it will not matter what value is placed on the things over there. It will be what the value is here.

Senator JONES. If you take even the present law under the American valuation plan, it would be a great increase over the present duty.

Mr. BILDER. It certainly would be on every one of these articles.

Senator JONES. That would be too much to answer your purpose, would it?

Mr. BILDER. Yes; I think it would. I am not in favor of the American valuation.

This Eagle Pencil Co., which, as I say, is the largest, proposed a duty to the House, and the House adopted almost verbatim the law as they proposed it.

BRIEF OF NATHAN BILDER, REPRESENTING A. W. FABER (INC.), NEWARK, N. J.

A. W. Faber (Inc.) is an industry owned and controlled by American capital, with its place of business at Newark, N. J.

Among other things it is engaged in selling lead pencils imported from Germany.

There are perhaps at the present time only two such importers, eliminating a scattering few who do a spasmodic business.

The pencil industry of this country is controlled by four manufacturers popularly known as the "Big Four."

They control 95 per cent of the pencil industry in this country; the other 5 per cent being in the hands of approximately four other manufacturers.

It is to be seen, therefore, that this enormous industry filling an every-day want is monopolized by four manufacturers who have in the last 25 years built this enormous business under the protection of a tariff which in 1897 was 45 cents per gross and 25 per cent ad valorem, and at the present time, and since 1913, has been 36 cents per gross or 25 per cent ad valorem.

Certainly an industry which has been able to thrive to a point where it is controlled by four manufacturers who furnish 95 per cent of the consumption of pencils in this country and which is no longer and has not for some time been an infant industry, does not require greater protection now at this point than it did when it was younger, less well organized, and less able to stand foreign competition.

At the present time, with a tariff regarded by the Big Four as unfavorable to the American manufacturer, they are not only able to thrive and prosper and control 95 per cent of the pencil consumption of this country, but, as will be seen presently, export in large volume and in competition with foreign product.

Again, with the existing tariff, the Big Four, with at least a subconscious understanding between them by which prices are maintained at a certain level, are able to control practically the entire output and consumption of pencils in this country.

That they are able to do it successfully here as well as abroad and in export business successfully compete with foreign manufacturers, is demonstrated by the following figures:

In 1919, the export of pencils by American manufacturers was $3,565,347. In 1920 it increased to $3,849,221, as against imports in 1920 of $225,578.

It will be seen, therefore, that in 1920 the importation was in dollars less than 6 per cent of the American manufacturers' export business and doubtless less than 1 per cent of the American manufacturers' domestic business.

If the proposed tariff is enacted into a law, it will simply mean that the Eagle Pencil Co., the biggest of the Big Four, which advertises as the largest pencil manufacturer in the world, will practically monopolize with the other three large manufacturers, the entire pencil industry of this country and in that way hold at its mercy millions of school children who, in their everyday wants require this important utensil; it will enable this company to be so powerful that, without any competition—because the proposed tariff law will eliminate all foreign competition, and there is practically none in this country—they will be able to regulate the price of the pencil to suit themselves.

The House committee adopted, practically word for word, the law as drafted by the Eagle Pencil Co. Its adoption in that form will legislate us out of business, as it will every other importer of lead pencils.

Thus all foreign competition and, in fact, any competition will be eliminated and the revenue-producing benefit, small as it is, of a fair tariff law entirely eliminated.

It may be said on the other side that the small volume of importation at the present time is not a fair test of what may be expected if the present rate stands. The answer is as follows:

1. The industry was built up in this country to its present stupendous proportion by a law which is not nearly as drastic as the one proposed.

2. The statistics show that under the most favorable law to the American manufacturer the foreign importations, long before the war, were never sufficient in volume to retard the enormous progress made in the American industry or to result in unfair or unfavorable foreign competition.

We have scrutinized most carefully the brief of the proponents for the law filed with the House committee and find absolutely no stated reason (aside from mere conclusions not based upon a statement of facts) for any change in the existing law.

Caps and protectors.—Section 1448 proposes an additional tax of 50 cents per gross for imprints other than the manufacturers and 25 cents per gross for pencils prepared for, attached to caps or protectors, or caps or protectors separate.

In the brief filed by the Eagle Pencil Co. above referred to, the only reason assigned for the additional tax on the pencil, if it has attached to it a cap or protector, or if the cap and protector comes separate, or if the pencil is prepared for a cap and protector, is that this character of pencil is especially adapted for the American markets and that the foreign manufacturers deliberately placed a low valuation on these products in their own country so as to get the benefit of a lower duty here. The answer to this again may be stated in two parts:

1. There is no basis for this statement in fact; and

2. If the American valuation feature of the tariff law is to be written into the law, the foreign valuation, or home valuation, will play no part in fixing the amount of the duty.

Much was said before the House Committee respecting the unfairness of Japanese competition, because of the unfair imitations of American products.

It is sufficient answer to say that all the protection which American manufacturers require in this respect is at present on the Federal statute books and that relief is and can be readily obtained not only by injunction in a court of equity, but also from the Federal Trade Commission dealing with unfair competition and with the customs officials who have and who exercise the power of preventing the distribution in this country of foreign products, which by reason of imitation in violation of copyright and trade-mark laws, constitute unfair competition.

It has never been known or successfully argued that a tariff law must be given as a substitute because of an inadequate legal remedy.

That the present or proposed tariff law will be most disastrous and unfair is shown by the following few examples:

Take a pencil costing in a foreign port $1.40 per gross:

25 per cent ad valorem equals, per gross	$0.35
Specific duty, per gross	.50
Because the lead pencil bears an imprint other than the manufacturer's, an additional	.50
Total	1.35

which is 275 per cent higher than the present duty of 36 cents per gross and nearly 100 per cent of the original cost.

The price of a pencil with a tip, in a foreign port, taking for example a popular brand, is $2 per gross.

25 per cent duty	$0.50
For name other than manufacturer's	.50
Specific duty	.50
Rubber tip	.25
Total	3.75
Add to this, cost of insurance and freight	.15
Importer's cost, total	3.90

That pencil is sold, or a pencil of a similar type is sold, by the American manufacturer for $3.60 per gross.

Under the present law, the tariff is 50 cents per gross, compared with $1.75, which is what the duty would be under the proposed law; the increase is 250 per cent.

The same pencil eliminating the tariff rate for name other than manufacturer would show, under the proposed law, an increase in tariff of over 150 per cent.

The first example shown on page 4 of this brief, eliminating proposed duty for marking other than manufacturer's name, would show an increase under the proposed law of 136 per cent in the tariff rate.

These examples sufficiently demonstrate the absolute unfairness of the proposed law, as written by the Eagle Pencil Co., and its absolute purpose of eliminating all healthy foreign competition, with the inevitable result of driving the importer, including this company, out of the pencil business.

We respectfully insist that the present law adequately protects the American industry and that it is our proposal that the law shall stay as it is; however, if the committee should feel that the industry can and should have a still further protection, not to exceed 15 cents per gross, the iniquitous, drastic and absolutely business-destroying features of the cumulative provisions of the proposed law, which never existed in any previous law, should be eliminated.

If the cumulative duties, namely the duties on caps or protectors, and on pencils prepared for caps or protectors, as well as the duty on pencils stamped with names other than the manufacturer's, is written into the present law, the importer will be absolutely legislated out of business, and the Big Four will control and dominate the pencil industry in this country with all the attendant vices and monopolistic features usually incident to such a condition in the trade.

This brief does not attempt to deal with retaliatory measures which may be passed by foreign countries, which necessarily will follow the imposition of a tariff here which will keep out foreign pencils; the same argument applies in this case as has been so frequently and in a more definite way presented to this committee, with regard to other commodities.

STATEMENT OF FRANK W. LILLEY, REPRESENTING THE JOSEPH DIXON CRUCIBLE CO. AND OTHERS.

Mr. LILLEY. I represent the American Lead Pencil Co., Hoboken, N. J.; Joseph Dixon Crucible Co., Jersey City, N. J.; Eagle Pencil Co., New York City; Eberhard Faber Co., Greenpoint, N. Y.; Houston & Liggett (Inc.), Richmond, Va.; United States Pencil Co., Philadelphia, Pa.; Blaisdell Pencil Co., Philadelphia, Pa.; M. A. Ferst (Ltd.), Atlanta, Ga., and others.

Senator JONES. You are included in the Big Four who have been mentioned?

Mr. LILLEY. Yes; the Big Four who have grown so large and prosperous under a Republican tariff.

I want to say at the outset that I am surprised at the remarks made by the previous speaker and at his coming before you gentlemen of intelligence, if he really represents an honest-to-goodness, 100 per cent American institution, and kicking about the little increase that the Ways and Means Committee of the House gave us above the Underwood-Simmons rate.

The history of the concerns he represents is this: It is the old A. W. Faber German concern established in 1763, 160 years ago. It is owned and controlled by Count Castell, who has a beautiful residence on the Rhine, and who was knighted by the Kaiser. This A. W. Faber concern had a branch in Newark, N. J., and they were taken hold of by the Alien Property Custodian. Whether that concern to-day is really a German concern, I do not know, but by the way the gentleman has spoken I imagine there is German capital behind it and that it is a German concern still.

Mr. BILDER. May I interrupt the speaker to say that I am ready to disprove the statement at any time this committee desires it. I am ready to prove in any way that this committee sees fit that that statement is absolutely unfounded; that there is not one dollar of German capital invested in this business, and that it is entirely American owned and American controlled, and that the German interests have not a penny in it, directly or indirectly.

Mr. LILLEY. I was surprised at his standing here before the Finance Committee and——

Senator WATSON (interposing). Let Mr. Lilley make his own case and not refer to these people. So far as the tariff is concerned, it does not matter whether it is a German concern or not.

Senator MCLEAN. The preceding witness admitted that he is an importer.

Mr. LILLEY. Yes. He says if this tariff goes into effect they will go out of business. I can not see how that will happen.

This Castell pencil used to be laid down at 60 marks, which I think would be about $10, but they gave a commission, or a discount, off that. To-day that pencil is still sold at 60 marks. The mark is worth one-half of a cent, so that that would be about 30 cents.

Senator SMOOT. Do you mean that you can buy it for that?

Mr. LILLEY. The German Government adds 550 per cent to that. That would make it $1.80 per gross. That is the condition, owing to the exchange and to labor, that exists to-day in Germany.

Senator SMOOT. I do not understand how that can be. That would be less than 30 cents, or about 30 cents per gross.

Mr. LILLEY. I have a statement in my pocket that came from Mr. Dreyfuss, who represents the American Lead Pencil Co. and who was in Germany a short time ago, and he stated that that was positively so. He wrote a letter to the American Lead Pencil Co. that that pencil was billed at 60 marks.

Senator SMOOT. That would not pay for the graphite in it.

Mr. LILLEY. The German Government adds to that 550 per cent export duty, which would make it $1.80.

Senator SMOOT. You do not believe that Germany makes those pencils for 30 cents, do you?

Mr. LILLEY. I have seen pencils in New York that were sold for $1.10.

Senator SMOOT. You could not have your casing or your cedar made for that price.

Mr. LILLEY. No.

Senator SMOOT. You buy that as cheaply as Germany does, do you not?

Mr. LILLEY. I think our labor is higher.

Senator SMOOT. But I mean the cedar itself.

Mr. LILLEY. Yes.

Senator SMOOT. You know there is more than that in the cost of the graphite.

Mr. LILLEY. Yes.

Senator SMOOT. So that there is something wrong about that report.

Senator MCCUMBER. Did you say only 30 cents?

Senator WATSON. Does that include both the cedar and the graphite?

Mr. LILLEY. Both; yes, sir. Sixty marks, of course, was the price in the old days.

Senator JONES. You have made another interesting statement, and that is that the German Government charges 550 per cent export duty. That, of course, may be done. If the German Government is charging any such export duty as 550 per cent, are we concerned here so vitally then with respect to the actual cost of the pencil over there? Are we not confronted with this situation, that we have to compete with whatever price the German Government is willing to have the commodity sold for?

Mr. LILLEY. It looks like that, Senator.

Senator JONES. And an increase of duty here would compel a decrease of the export duty by the German Government, and that is what you want. You want to force that by increasing the duty here. That would have the effect of decreasing the export duty imposed by Germany.

Mr. LILLEY. Then the industry over in Germany is a large one. It has been built up during the course of many years. There are some 17 factories. There was a big one in Vienna. They all exported. The imports into this country used to run about five or six hundred thousand a year.

There is no big trust among the American manufacturers at all. They are entirely separate. They are as separate as they can be. There are several smaller independent concerns that are not coming here kicking about a little bit of increase in duty. There is, for instance, the United States Pencil Co., of Philadelphia. There are several other of the smaller concerns that are to-day doing a nice business. They are selling goods at a low price.

Senator MCLEAN. Has the cost of pencils been reduced in the last 10 or 15 years?

Mr. LILLEY. Yes; and in the last 10 or 15 weeks.

Senator MCLEAN. Did I understand some one to say that Germany at one time got $14 a gross?

Mr. LILLEY. That is the Castell pencil. That was 60 marks in the old days.

Senator McLEAN. That was in the old days?

Mr. LILLEY. Yes, sir.

Senator McLEAN. These same pencils will probably go back to $14 a gross if competition is removed, will they not?

Mr. LILLEY. I think they would.

There is another thing that we have to contend with, and that is the little Jap. There [indicating] is a pencil which shows how they have imitated us. They have even imitated our factory. You can see the people walking on the curbstone, on the end. They have the same cut. They refer to the highly polished cedar, to the rubber, and so on. That is made in Tokyo. These pencils are sold in Tokyo at 35 cents per gross. They were not satisfied with this cut here [indicating]. They wanted to get nearer to ours. They have even the little old building imitated. They have copied ours exactly.

Senator WATSON. These were bought in Japan, were they?

Mr. LILLEY. Yes, sir.

Senator JONES. They sell at 35 cents a gross?

Mr. LILLEY. Yes, sir.

Senator JONES. What do you sell them for here?

Mr. LILLEY. $1.25. They have imitated our label. They put on the inserted rubber. They have put the Eagle on the pencil and No. 140 on the band. That is another thing we are up against.

Senator JONES. Is it as good a pencil as yours?

Mr. LILLEY. I do not think it is quite as good graphite. They do not seem to be able to make them as good.

Senator WATSON. How do you know they sell in Tokyo for 35 cents?

Mr. LILLEY. They have been brought in by different brokers in New York and sold again to the jobbing trade. We traced them.

Senator WATSON. That is the general price and not an isolated instance?

Mr. LILLEY. No.

Senator McLEAN. How many hands are employed in this industry? Perhaps that information is contained in your brief.

Mr. LILLEY. Yes.

Senator McLEAN. Then do not take the time to state it.

Mr. LILLEY. About four or five thousand.

I may also tell you that when the Underwood-Simmons bill went into effect there were $80,000 worth of German goods lying in New York in bond waiting to be released. It is my opinion that if the war had not come on when it did there would not have been any Big Four or Big Eight; I doubt if there would have been a Big Two left.

Senator WATSON. Are you absolutely satisfied with this rate?

Mr. LILLEY. Yes, sir; we are absolutely satisfied with the rate. We are satisfied with the bill. We do not ask for any change in it. It is adequate protection, and I hope the Senate Finance Committee and the Senate will continue that same rate, because it is just and fair.

Senator JONES. If that pencil is sold for the price you mentioned—I think you said it cost——

Mr. LILLEY. It is pretty hard to tell what the German prices are. They are trying to sell goods in New York on the American dollar plan. We have seen pencils in New York all the way from 85 cents a gross up to $1.70, and they were good-looking pencils.

Senator JONES. You say you sell them for $1.70—the German pencil. What do you sell that for in this country?

Mr. LILLEY. In this country?

Senator JONES. Yes.

Mr. LILLEY. We sell that at about $2.50 to $2.90 per gross.

Senator JONES. You want a specific duty of 50 cents and 25 per cent ad valorem?

Mr. LILLEY. 50 cents and 25 per cent ad valorem, because if you take the $3 pencil, that would be only 50 cents and the 25 per cent ad valorem would be 75 cents. We want this protection because we sell this pencil at $4.50.

Senator JONES. If you sell them at $4.50, the duty would be more. It would be 25 per cent of $4.50, which would be $1.25.

Mr. LILLEY. But I was figuring on the prices they sell at. They bill it out in marks. I was not taking into consideration the American valuation.

Senator JONES. It makes a vast difference whether you take the American valuation or not. Would you be content with these figures on foreign valuation?

Mr. LILLEY. We will have to have something, because if you take the pencil billed at 60 marks and bill it at 60 marks to-day, it makes a great difference.

Senator JONES. Do you mean to say that this pencil which is made in Germany is worth only 60 marks in Germany, or that it costs only 60 marks in Germany, which would be about 30 cents? Plus the 550 per cent.

Mr. LILLEY. Yes, sir.

Senator JONES. And you want to sell that same pencil in the American market for $4.50. Do you want that sort of result in this country?

Mr. LILLEY. No. That pencil that they sold there ought to be a higher priced pencil. It ought never to be sent into this country at any such price as 60 marks plus 550 per cent.

Senator JONES. But that is what you think this means; that is, that a gross of pencils that is sold over there for 30 cents ought to be sold to the American people for $4.50.

Mr. LILLEY. Oh, no. There is a difference in the pencils. The pencils run from this pencil [indicating] to pencils selling for $5 a gross.

Senator JONES. That same pencil sells for what? I am referring now to the 30-cent pencil made in Germany. What grade of pencil is that?

Mr. LILLEY. That is a high-grade pencil. That is the Castell pencil. It used to sell at 60 marks. That is what we can not understand. We can not understand why they still bill it at 60 marks and add 550 per cent. That is a part of the manufacturer's price and makes up the $1.80.

Senator McCUMBER. The pencil that they bill at 30 cents they do not sell in this country at 30?

Mr. LILLEY. No.

Senator SMOOT. They can sell it here at 30.

Mr. LILLEY. They can sell it at 60 marks, which is 30 cents, plus 550 per cent.

I have just been told that that is done by the factory. The Government does not add it. It is done by the factory. That would bring it up to $1.80.

Senator SMOOT. The Government takes part of it and the factory takes a part.

Senator JONES. If it costs only 30 cents to make those pencils, can't they compete and continue to compete? They can keep reducing the price. So I think you may be too modest in what you ask.

Mr. LILLEY. We are perfectly satisfied with that bill. That is about the Payne-Aldrich rate.

Senator SMOOT. Let us take this Japanese pencil to which you referred.

Senator JONES. He says this is about the Payne-Aldrich rate. Do you mean to say that you would be willing to accept the provisions of the Payne-Aldrich bill?

Mr. LILLEY. Yes, sir. I think it is about the same as the Payne-Aldrich bill. I mean the duty on pencils is about the same.

Senator SMOOT. That is a great deal higher than the Payne-Aldrich bill.

Now, take this Japanese pencil at 35 cents in Japan. That is the price they are selling for. Under this provision there is a specific duty of 50 cents per gross and an ad valorem rate of 25 per cent. That is on the American price, which is $1.25. Twenty-five per cent of that is 31¼, and then, on account of the tip on the pencil, there is 25 cents again per gross, so that——

Mr. LILLEY (interposing). I do not think that applies to this, Senator.

Senator SMOOT. I think it would. It says caps or protectors.

Mr. LILLEY. I think that is a different thing. Those are caps or protectors that fit on the end of the pencil, like this style here [indicating]. That is a rubber-inserted pencil.

Senator SMOOT. I know it is.

Senator McCUMBER. The cap is something that is put over the lead in the pencil?

Mr. LILLEY. Yes, sir.

Senator SMOOT. Take that 25 per cent off. That would be $1.16¼.

Mr. LILLEY. Yes.

Senator SMOOT. Under this provision here?

Mr. LILLEY. Yes, sir.

Senator McCUMBER. What can you produce that pencil for?

Mr. LILLEY. For $1.25. We sell it at $1.25 now.

Senator McCUMBER. And they can bring theirs in for $1.16?

Senator SMOOT. But there is a difference in the pencils. You would not have the same competition on that.

Senator McCUMBER. We thank you, Mr. Lilley.

BRIEF OF FRANK W. LILLEY, REPRESENTING PENCIL MANUFACTURERS OF THE UNITED STATES.

The industry of lead pencils and pencil leads in the United States is composed of 13 manufacturers, who compete with each other and are selling their product at a fair market value. It is not true, as stated in A. W. Faber's brief, that four factories control 95 per cent of the industry.

When the law existing at the present time, imposing a duty of 25 per cent, went into effect, it enabled importers, particularly A. W. Faber, to import large quantities of pencils from Germany at prices against which the American manufacturers were powerless to compete. All the American manufacturers were compelled to reduce their output materially as a consequence of the imported article from Germany and to discharge a large number of their employees. Then, when the war started in Europe and the German manufacturers of pencils were stopped from exporting from Germany the situation changed, and the business in the United States increased very largely in pencils, the same as in other articles. This is the reason that the export of pencils from the United States during the war and after the armistice, in 1919 and 1920, increased largely, and that the imports of pencils in that same period decreased, but this was only a temporary condition, due entirely to the war, and the exports of pencils from the United States in 1921 have been very small. This statement is made in answer to A. W. Faber's brief.

Answering A. W. Faber's remark regarding school children, we wish to state that a good, serviceable pencil, manufactured in the United States is placed in the hands of any school child or anybody else at a penny for each pencil.

A. W. Faber denied that they undervalued pencils. Goods imported from Germany by A. W. Faber were undervalued, and some of the members of the firms representing the American manufacturers were witnesses for the Government in the case against A. W. Faber. They were condemned to pay a large fine, and the records in the New York customhouse will support this statement.

A. W. Faber in their brief also stated that the tariff on pencils asked for is too high and that the present law affords adequate protection. We wish to state that A. W. Faber do not manufacture pencils in this country but import them from Germany, and, consequently, know nothing at all about the American costs of production, and their statement is not true, as shown by the annexed comparative table. Samples of the German pencils mentioned in the table, together with samples of similar American products, are submitted. Attention is respectfully called to all of the cheap German pencils, which are incased in German wood known as "alder," and the lead is made of graphite mined in Germany, Austria, and Bohemia.

When A. W. Faber imported pencils with caps and without caps the charge they made for pencils with caps was very little more than for pencils without caps; in fact, less than the caps actually cost. A special duty of 25 cents per gross for pencils with caps is therefore justified.

Pencils with tips are largely sold in the American market but they are not sold in the German market. In order to save duty, the firm of A. W. Faber, of Nuremberg, Germany, published a German catalogue, showing styles of pencils with tips and erasers, which are not sold in Germany, and offered the same to the German trade at a low price, in order to establish a low invoice price for this country.

The business of four of the smaller companies consists largely of pencils for imprinting purposes. Although pencils specially manufactured for customers with their name and without the manufacturer's name cost more to produce, A. W. Faber imported these pencils without charging anything extra for making them with special imprints, and therefore an extra charge of 50 cents per gross for such pencils is justified.

In A. W. Faber's brief and at the hearing he stated that a pencil costing in Germany the equivalent of $2 per gross cost in the United States $3.60 per gross. This is untrue. A pencil costing in the United States $3.60 per gross costs in Germany considerably less than $2 per gross, as is shown by the well-known "Castell" pencil, which is the best product of the German factory of A. W. Faber, owned by Count Castell, the pencil being named for him, and costing in Germany only $1.48 per gross. A similar pencil made by an American manufacturer sells in this market for $6 per gross, which was the price of the Castell before the war.

The cost of labor in Germany at the present time is equivalent to 40 cents a day per man, equal to $2.40 per week.

We submit herewith samples of pencils made in Japan in imitation of American products. The Japanese manufacturers not only use the trade-mark but they even put the American manufacturer's name on the pencils, as well as on the labels, and show a picture of the American factory on their boxes.

The reason we mention this is that in the tariff law provision is made for filing American trade-marks with collectors of customs and that the collectors of customs are directed not to allow merchandise to enter the United States which infringe or imitate the American trade-marks. Unfortunately, all too frequently, even such flagrant imitations as these escape the notice of customs officials.

We submit herewith table showing that the rates even under the American valuation plan are no more than sufficient to adequately protect American-made pencils from dumping from countries with greatly depreciated currencies and cheap labor, like Germany or Japan. These rates are just and will permit the continued importation of foreign pencils on a fair basis, as this table clearly demonstrates.

German pencils.	Export price in Germany.	Cost in U. S. currency. (1 mark = ¼ cent.)	Duty under proposed bill based on American value.	Landed cost of foreign pencil under proposed bill, American value.	American selling price.
	Marks.				
Vera Pencil Co.'s No. 931 Rapid Writer	140	$0.70	$1.32½	$2.02½	$2.30
Johann Faber's Dessin No. 301	102	.51	1.00	1.51	2.00
Johann Faber's Jupiter No. 1208	270	1.35	1.37½	2.72½	3.50
A. W. Faber's Castell	296.50	1.48	2.00	3.48	6.00

The industry in the United States employs directly and indirectly 20,000 persons, and we ask that the rates as shown in paragraphs 1449 and 1450 of the Senate bill be allowed to stand.

(Firms represented: American Pencil Co., Hoboken, N. J.; Joseph Dixon Crucible Co., Jersey City, N. J.; Eagle Pencil Co., New York City; Eberhard Faber, Greenpoint, Brooklyn, N. Y.; Houston & Liggett (Inc.), Richmond, Va.; United States Pencil Co., Philadelphia, Pa.; M. A. Ferst (Ltd.), Atlanta, Ga.; Hudson Lumber Co., San Leandro, Calif.; American Crayon Co., Sandusky, Ohio; F. & O. Cedar Works, New York; Cumberland Cedar Works, Shelbyville, Tenn.; Blaisdell Pencil Co., Philadelphia, Pa.)

PENCIL LEADS.

[Paragraph 1450.]

STATEMENT OF E. C. BROKMEYER, REPRESENTING M. A. FERST CO. (LTD.), ATLANTA, GA.

As a manufacturer of leads for lead pencils only, upon whom American manufacturers of the finished product depended for their leads during the war, when their supply from Germany and Japan was cut off, we respectfully urge the amendment of H. R. 7456 to read as follows:

"PAR. 1450. Pencil leads not in wood or other material, 7½ cents per gross and 25 per cent ad valorem; thin leads, small-diameter leads, not exceeding 0.0060 inch diameter, and 1½ inches in length, or refills for American pencils, 10 cents per gross and 30 per cent ad valorem."

Most of the lead imported to this country comes from Germany and Japan. In Germany the average laborer in this industry receives 5 cents per hour, in America 35 cents per hour, a difference in cost of 6 cents per gross. There is the same difference in overhead expenses, making an increased cost in this country of 6 cents per gross, and there is also a difference in raw material of 5 cents per gross. This represents a total excess cost in this country over Germany of 17 cents. This is confirmed by a comparison of the prices of American leads, 45 cents, with German leads, including duty and freight, 25¾ cents, making a difference of 19¼ cents. In Japan the difference will amount to about 22 cents per gross, the cost in Japan being that amount per gross less than the cost in this country.

A tariff of 7½ cents per gross and 25 per cent ad valorem on pencil leads will make the price on German or Japanese leads equal to or less than the price of American leads, which would allow German and Japanese merchants to compete, and at the same time permit American industries to live and yield the Government a revenue also.

The rate on lead pencils in the pending bill is 50 cents per gross and 25 per cent ad valorem, with cumulative duties as high as 75 cents per gross and 25 per cent ad valorem for pencils with erasers or caps. This is out of all proportion to the rate of 15 per cent ad valorem fixed in the bill for pencil leads. Pencil leads cost more than 10 per cent of the finished pencil.

On the refill leads for mechanical or metal pencils there is no provision covering the lengths, the standard length being 1½ inches. The duty should be based upon the 1½-inch length, and any leads longer than this should carry an increased duty in proportion.

On the colored, copy, or indelible leads the duty should be at least 75 cents per gross plus 25 per cent ad valorem, as the cost of methyl violet or aniline dye in this country is from four to five times as much as in Germany, and it is the main cost of the copy lead. Further, there is a proposed increased duty on aniline and other chemicals which will make domestic aniline and chemicals continue at the present or a higher price.

The proposed tariff on pencil leads is lower than in the existing law, in view of the fact that the pending bill provides for a duty of 10 per cent on imported graphite and an increased tariff on clay of 100 per cent.

The Ferst Co. has just been advised by a concern in England which it furnished some copy or indelible leads at $1.75 per gross that while it was pleased with the American leads it is in a position to buy a similar product at approximately 60 cents per gross, about one-third of the price of the American product under the existing law. The selling price in England of pencil leads to-day is less than one-half the actual cost of manufacturing of the Ferst Co.

The labor cost on pencil leads is higher in proportion than the labor cost on finished pencils in this country, and there is no good reason why there should be such a great difference in the rates proposed in the pending bill on lead pencils and pencil leads.

The Eagle Pencil Co., Joseph Dixon Crucible Co., and the American Pencil Co. are said to have protested the proposed duty on pencil leads and the committee is earnestly urged to change the rates in the pending bill in accordance with the amendments herein suggested.

MOVING-PICTURE FILMS (EXPOSED).

[Paragraph 1451.]

STATEMENT OF SAUL E. ROGERS, REPRESENTING FOX FILM CORPORATION AND NATIONAL ASSOCIATION MOTION PICTURE INDUSTRY, NEW YORK, N. Y.

Mr. ROGERS. So far as the question of presenting the proposition against the 30 per cent ad valorem duty on the finished product—that is, the motion picture ready for production in a motion-picture theater—I am here representing the National Association Motion Picture Industry, presenting our side of the question and requesting that that be stricken out of the House bill.

So, I have joined my forces on that end of the question. I do not know just what the opposition has done.

Senator SMOOT. You speak for those who are opposed to the 30 per cent on the finished film?

Mr. ROGERS. I do; Senator Smoot.

Senator MCCUMBER. You are interested in the exposed film?

Mr. ROGERS. We are interested in the exposed film, ready for exhibition.

Senator SMOOT. In other words, you want it to remain where it is to-day?

Mr. ROGERS. We want it to remain where it is to-day—that is, the specific duty.

My appearance is in behalf of the National Association Motion Picture Industry, which represents approximately between 90 and

95 per cent of the total motion-picture films produced and exhibited in the United States of America.

Senator McCUMBER. What percentage of those used in the United States were imported? I suppose you would have to give it in value or linear feet?

Mr. ROGERS. It would be difficult to do that, for this reason, that while there is quite a quantity of foreign motion-picture film productions brought into this country, millions of feet of it never see the theater and are never exhibited, because they are not suited to American audiences or American theaters. I think I may best answer that by saying this: That in the past three and a half or four years there have been approximately 350 foreign productions brought into this country, and in that period less than a dozen of them—I should say less than 10 of them—were found worthy of exhibition.

Senator CURTIS. Then you better change your foreign management.

Mr. ROGERS. I think I might better answer that by saying we have nothing to do with that; we do not produce those foreign films.

Senator CURTIS. Whoever buys them are surely responsible. How could you ask Congress to protect you if you are buying a lot of worthless films?

Mr. ROGERS. We are not asking protection. They have brought in these films in the hope that they were going to make fortunes overnight exhibiting the foreign films, but the profits were not forthcoming, for the reason that the films were not suited for exhibition in this country.

Senator SMOOT. America leads the world in the production of films for motion pictures?

Mr. ROGERS. We feel we do, Senator, by reason of the fact that between 80 and 85 per cent of the films exhibited in foreign theaters are American films.

Senator SMOOT. In other words, your exportation of films are many, many, many times greater than the importation of films from the balance of the world?

Mr. ROGERS. Undoubtedly; there is no question about that.

Senator McCUMBER. That is, the exposed film?

Mr. ROGERS. That is the exposed film; yes, sir. The duty under the act of 1913, which is the present duty, has provided under paragraph 380 a specific duty levied in the following manner: Photographic negative film, exposed but not developed, 2 cents per linear or running foot; if exposed and developed, 3 cents per linear or running foot.

If the positive is brought into this country, the specific duty is 1 cent per linear or running foot. The House bill proposed a levy of 30 per cent ad valorem duty, American valuation.

The motion-picture industry to-day, as I understand it, is practically the fifth or sixth industry in this country. Its development has been rather rapid, but it has been a progressive development and a rather constructive development. It would be almost impossible for me to state with any degree of accuracy the vast number of people employed in our industry, by reason of the various ramifications of it; that is, there are quite a number of people employed on the studio floor as architects, technical people, electricians, scenic artists. There are thousands of people employed in laboratories throughout

the country; that is, the laboratory organization where the exposed film is developed and where the positives are trained ready for exhibition.

In addition to that, there are any number of industries throughout the country that are kept busy supplying properties, scenics, costumes, effects, and mechanical appliances necessary in the production of these pictures. I should judge, directly and indirectly, there are employed in this industry between 250,000 and 300,000 people.

Senator SMOOT. Mr. Rogers, are there any objections on the part of foreign producers to the present rates of duty of 2 cents on unexposed and 3 cents on exposed films?

Mr. ROGERS. No, sir.

Senator SMOOT. You want what?

Mr. ROGERS. We wish that to remain undisturbed.

Senator SMOOT. There would be no retaliation at all on the part of foreign countries if this duty remained as it is to-day?

Mr. ROGERS. No, sir.

Senator McCUMBER. Have you any objection to the increase contained in the bill on the unexposed?

Mr. ROGERS. That is, raw stock?

Senator McCUMBER. Yes.

Mr. ROGERS. I do object to that, too.

Senator McCUMBER. Why?

Mr. ROGERS. The objection to the raw stock—and in that respect I mean to say that I do not appear for the National Association, but I do appear for practically every large producing, distributing, and importing firm in this country. I appear also for the Metro Pictures Corporation, Associated First National Pictures (Inc.), Realart Pictures Corporation, Famous Players-Lasky Corporation, Universal Film Manufacturing Co., Fox Film Corporation, Educational Film Exchanges (Inc.), R-C Pictures Corporation, Associated Exhibitors (Inc.), Goldwin Pictures Corporation, The Bray Productions (Inc.), David P. Howells (Inc.), Inter-Ocean Film Corporation, Export & Import Film Co. (Inc.), and Selznick Pictures Corporation.

The reason I do object in behalf of those companies to the imposition of the 20 per cent ad valorem duty on the sensitized but unexposed films is that that branch of the industry to-day is practically monopolized by one company, the Eastman Kodak Co.; in fact, that monopoly is admitted practically by the Eastman Kodak Co., and was admitted by Mr. George Eastman himself in his own evidence before the Committee on Ways and Means of the House of Representatives in the hearing on Schedule N, February, 1921. It is a known fact that the Eastman Kodak Co. has a capacity in excess of 90,000,000 linear feet of film per month; in fact, it may be safely said that their output is in excess of 100,000,000 linear feet of film per month.

Senator WATSON. How much do all the others make?

Mr. ROGERS. So far as the others are concerned, there are really two other companies. One is the Bay State——

Senator WATSON (interposing). How much do they make?

Mr. ROGERS. I will give you those figures. I think I have them here. The Bay State produces approximately two and a half million a month, and the Eagle Rock produces nothing, and Powers produces nothing to-day at all; he is shut.

So far as foreign competition is concerned, the only real competition is the Pathe Co., which has a capacity of about two and a half million per month; the Belgian Co., with approximately 5,000,000 per month, 50 per cent, however, of which is consumed by the Belgian and French markets; and the Agfa Co., a German company, with a total output of approxmately 9,000,000 per month, 50 per cent of which is consumed in the German market.

Senator McCumber. Where is the other 50 per cent consumed?

Mr. Rogers. It is practically sent into this country; some of it is sent into Switzerland.

Senator McCumber. About 4,500,000?

Mr. Rogers. Approximately; part of it goes into Switzerland, some filters through into France and maybe some gets into Belgium. But we get about 4,000,000 feet a month out of them.

When you take into consideration that the Eastman Co. has an output of about 100,000,000 feet per month, it is readily seen that the Eastman Co. controls over 90 per cent ——

Senator Watson (interposing). What is the total consumption?

Mr. Rogers. The total consumption in the United States is about 900,000,000 to 915,000,000 a year.

Senator Watson. And then of this 900,000,000 that the Eastman people produce the surplus is sent abroad?

Mr. Rogers. Yes; and in addition to that the Eastman Co. has made very elaborate plans and a very elaborate program for producing films abroad. They are projecting plans abroad to go into the foreign market and to compete in the foreign market.

To show how secure they feel in their position—the Eastman Co.—they have used almost every possible means to absolutely insure this monopoly. Let us take the example recently brought before us: The laboratory men came down here and submitted a brief by Mr. Tom Evans, in which every laboratory joined. These laboratories—these developing and printing plants—they came down here and pointed out to you that they were in danger of being forced out of business by the Eastman Co. The Eastman Co., in order to bring this about and to bring these laboratories absolutely under their control—because the laboratories after all were the means whereby they put their output into circulation, acquired three laboratory concerns—one was G. N. Morris, the other was St. John, and the other was the Paragon Laboratory of Long Island City. When they acquired those three laboratories they served notice on all the other laboratories in the country, saying, "If you do not limit your purchase of stock to the Eastman Co., we will open these three laboratories; we will operate them ourselves, and we will use that as a club over your head."

When the laboratories were confronted with that situation they entered into negotiations with the Eastman Co., and as a result of negotiations there was a contract made under which the Eastman Co. specified that so long as these laboratories used American stock—meaning the Eastman stock—the Eastman Co. would never open these laboratories in competition with these other laboratories, but that as soon as there was any evidence of any departure from that plan these laboratories of the Eastman Co. would immediately open the doors of these laboratories and go into competition with these other laboratories, undersell them in the market, and practically force them out of business.

Senator McCUMBER. When was that contract made?

Mr. ROGERS. It was made in the past four or five months.

Senator McCUMBER. Has it been presented to the Attorney General?

Mr. ROGERS. It has not been.

Senator McCUMBER. Do you know why?

Mr. ROGERS. I think the only reason why it was not presented to the Attorney General was that these laboratories are happy in the fact that they were given a new lease on life and that they were perfectly content to go right along and remain alive and ready to do business instead of having the matter presented to the Attorney General. They filed with this committee a brief, but as soon as that contract was perfected they were directed to come down here and to withdraw this brief and to withdraw every remark they had made against the Eastman Co. Somebody did come down here and withdraw every remark and I understand did withdraw the brief. I, however, have a copy of the brief in my possession, which I would like to submit to this committee.

(The brief referred to is as follows:)

MEMORANDUM IN OPPOSITION TO THE IMPOSITION OF A TARIFF ON MOTION PICTURE RAW STOCK (SENSITIZED MOTION PICTURE FILM UNEXPOSED AND UNDEVELOPED).

The following reasons are respectfully submitted to the Ways and Means Committee of the House of Representatives why the proposed tariff of 30 per cent ad valorem on raw stock, now on the free list, should not be imposed and why this raw material should be continued on the free list:

I. Motion picture film, sensitized but not exposed or developed, is the basic material, known in the art as raw stock, on which motion pictures are produced.

The raw stock serves no useful or commercial purpose other than as a base for the making of the motion picture known to commerce. It can be used for no other purpose and has no other market.

II. Raw stock is manufactured in the United States, almost exclusively, by one concern—the Eastman Kodak Co.

This is confirmed by the statement of the Eastman Kodak Co., signed by George Eastman, president, sworn to on the 31st day of January, 1921, and appearing in Tariff Information, 1921, hearings before the Committee on Ways and Means, House of Representatives, on Schedule N, February 10, 1921, Print No. 31, pages 3187, et seq., in which Mr. Eastman swears to the following:

"In the year 1920 the Eastman Kodak Co.'s sales of motion picture film in the United States was over six times as large as they were in 1910.

"In the year 1920 the Eastman Kodak Co.'s output of motion picture film was over 800,000,000 linear feet. * * *

"The Eastman Kodak Co., having practically created the business, has maintained its lead, solely by reason of the high quality and uniformity of its products.

"The field was open to competition and motion picture film has not been manufactured to any considerable extent in the United States by others simply because others have been unable to make a competing film." * * *

The amount indicated by Mr. Eastman is practically the quantity of motion picture footage consumed in the United States during the year 1920, thus substantiating by his statements that the Eastman Kodak Co. practically controls and has a monopoly upon the manufacture of this material in the United States.

In the same report of hearings, February 1, 1921, Mr. J. E. Brulatour, who is the exclusive distributor for use in the United States of Eastman raw stock, in also pleading for a duty of 30 per cent, complains about the increasing amount of importation from Belgium and France of this material and particularly of the importations for the year 1920. This is a plea for protection to the American manufacturer.

The Eastman Co., now enjoying the monopoly and seeking the protection of a tariff of 30 per cent, paid over $8,000,000 in dividends in 1920 and had left over for the year a surplus of over $10,300,000. This company has for the year 1920 again earned almost its entire capitalization.

The report of the earnings of the Eastman Kodak Co., published in the New York Globe on May 20, 1921, follows:

"The Eastman Kodak Co.'s annual report for the year ended December 31, 1920, shows net profits after Federal taxes of $18,566,211, equivalent after preferred dividends to $92.53 a share earned on the $19,664,600 common stock. This compares with net profits of $18,326,188, or $91.78 a share on the $19,503,400 outstanding stock in the previous year.

"The income account for the year 1920 compares as follows:

	1920	1919
Net profits	$18,566,211	$18,326,188
Preferred dividends	369,942	369,942
Common dividends	7,865,840	7,819,110
Surplus	10,330,429	10,137,136

After Federal taxes."

The earnings for the year 1920 are said to be the largest in the history of the concern and yet were earned in a period of the largest foreign importations.

III. A tariff of 30 per cent upon foreign raw stock would not produce a revenue to the Government of the United States. On the contrary, it would result in practically a prohibition of import.

The best obtainable information covering the imported product indicates that the raw base, i. e., celluloid, is imported to a very large extent from the United States, treated abroad, and returned to the United States as finished product. This base, celluloid material, an American product, constitutes more than two-thirds of the cost of the finished article, the labor entering into the manufacture being the smallest item of expense.

(See statement of Paul H. Cromelin, president of the Inter Ocean Film Corporation, and communication from Louis Destenay, vice president of the Gevaert Co. of America (Inc.), in printed report, Tariff Information, 1921, hearings before the Committee on Ways and Means, House of Representatives, on Schedule N, Feb. 12, 1921, Print No. 33, p. 3635, particularly 3637.)

IV. A 30 per cent ad valorem tariff upon imported raw stock would make absolute the monopoly of a single American manufacturer.

While the imposition of the 30 per cent tariff, sought by the Eastman Kodak Co., would prevent importation of foreign raw film, such tariff is pregnant with a much greater menace to the motion-picture industry in the United States. While all picture producers not affiliated with the Eastman Co. would be adversely affected, the very existence of the motion-picture film laboratories is threatened.

These laboratories receive from the producers of motion pictures the negatives from which are printed all the positive copies required for showing in the theaters. These copies are printed on raw stock. The laboratory, in order to proceed with its manufacture, depends absolutely on a steady supply of raw stock of a uniform grade and quality. To deprive the laboratories is to forthwith cancel their operations and put them out of business. There are no substitutes. To impose a duty of 30 per cent on imported raw material is to deprive them of the only available competitive source of supply and to subject them without recourse to the whims or mercy of the one manufacturer in the United States controlling this supply.

This is no idle academic contention. For the past activities of the Eastman Kodak Co., see page 3635 of Tariff Information, hearings before the Committee on Ways and Means, House of Representatives, February 12, 1921, Print No. 33.

The investments in the motion-picture laboratories aggregate many millions of dollars.

The motion-picture laboratories give employment to thousands from coast to coast of the United States.

It is common knowledge in the motion-picture industry that Mr. J. E. Brulatour, the sole distributor of the Eastman Kodak Co. raw film in the United States, has for some time past been, though not openly, in the motion-picture laboratory business and that he is largely interested in extensive laboratories capable of printing a large percentage of the films required for use in the United States.

To impose a tariff of 30 per cent would make it entirely possible for Mr. Brulatour or the Eastman Kodak Co. not only to maintain the monopoly on raw stock but to enjoy for all practical purposes a monopoly of the film laboratory business.

V. The Eastman Co., by the testimony of Mr. George Eastman, is practically the only company making raw stock in the United States. The other three concerns, which have attempted from time to time to produce, have a total output, which is known to those in the industry, to be almost negligible.

Attention has been called to a statement filed with your committee by Mr. P. A. Powers, of the Powers Film Products Co., also of Rochester, N. Y., in which he pleads for protection against the possible danger of foreign importation of raw stock. In his communication, Mr. Powers has referred to the fact that he is a small manufacturer and that he would probably have to discontinue manufacturing unless the duty is imposed, and he also states that the Agfa Co. is selling raw stock in this market at $0.015 per foot where it costs him, Powers, $0.0211 per foot to manufacture. We have positive and definite information that the Agfa Co., which, until the latter part of March, 1921, imported no raw stock to the United States since before 1914, has not sold its product at any such price and Mr. Powers's statement in this regard can be emphatically and indisputably denied and further proof can be submitted if necessary.

Whether there is any connection between the Eastman Co. and Mr. Powers, we are not advised, but your committee should know that Mr. Powers is not the poor little manufacturer which his letter to your committee might lead one to suppose. He is a man of large means, one of the oldest distributors of motion pictures in the United States, formerly for many years treasurer of Universal Film Manufacturing Co. and maker of Powers films, formerly exclusive distributor for Agfa stock in this country, and his recent venture in raw-stock production is but one of his many activities in his various ramifications in the motion-picture industry.

A tariff upon raw stock would create an absolute monopoly in favor of the Eastman Kodak Co., would be against the best interests of the motion-picture industry, would place the monopoly in a position to drive out of business all competing motion-picture laboratories, and would bring no revenue to the Government.

Respectfully submitted.

Maj. TOM EVANS.

(On behalf of Biograph Co. of America, Craftsmen Film Laboratories (Inc.), Nicholas Kessell Laboratories, Evans Film Manufacturing Co., Republic Laboratories (Inc.), Claremont Laboratories, Eclipse Laboratories, Film Developing Co., Cromlow Laboratories, Dobbs Laboratories, Tremont Laboratories, and National Laboratories.)

Mr. FORBES. September 9 was the date of the contract, and I want to say, Mr. Rogers, that I filed a brief setting forth concerning the making of that contract on the part of the laboratories in the raw stock; that is in a brief already in the hands of the committee.

Senator SMOOT. Mr. Cole was representing the Eastman Co.

Mr. ROGERS. Mr. Cole is directly connected with the Bay State.

Senator SMOOT. He testified before the committee the other day.

Mr. ROGERS. I was coming to that, Senator Smoot. It seemed to me rather peculiar that Mr. Charles Cole, who is one of the officials of the Bay State Co., should come down here representing not only the Bay State Co. but the Ansco Co. and the Eastman Kodak Co., and come walking in here hand in hand with his deadly competitor praying for protection. I think when we have an evidence of that kind of the only two companies in existence in this country, one the great, big, tremendous company, and the other the small competitor, coming down here hand in hand it augurs for a combination in the future of the two companies if this tariff is lifted.

Senator SMOOT. As I remember, he requested a duty of three-fourths cents per linear foot on plaster films and 1¼ cents per linear foot on negative films. That, I think, was what he requested in way of protection.

Mr. ROGERS. Was that by way of compromise?

Senator SMOOT. No, that was suggested rates that he asked the committee to provide.

Mr. ROGERS. Instead of 30 per cent ad valorem? It is my understanding he complained that 30 per cent ad valorem was even too low.

Senator SMOOT. I did not get from him directly whether it was to take the place of 30 per cent ad valorem or not; but those were the figures that he asked for.

Mr. ROGERS. It was my understanding that he complained that 30 per cent ad valorem was too low.

Senator SMOOT. Mr. Walker tells me that I am correct, that he asked for specific duties and, in fact, I know that he did, because I have a note of it here in my book, asking for a specific duty of three-fourths of a cent per linear foot on plaster films and 1¼ cent on negative films.

Mr. ROGERS. That would be lower than the present specific duty.

Senator SMOOT. Yes, I am aware of that, and that is why I wanted you to explain his request.

Mr. ROGERS. I can not explain his request. On the contrary, so far as I know, the Bay State Co., in speaking to me through their representative, complained that the present contemplated 30 per cent ad valorem duty was too low, and that there should be a higher ad valorem duty to protect them. So if Gen. Cole came down here and asked for a lower specific than the present ad valorem I must say that I can not quite comprehend that.

Senator SMOOT. It was Mr. H. C. Cole?

Mr. ROGERS. Then that Mr. H. C. Cole is the Mr. Cole of the Robbins-Cole Co., of the Distributing Film Finished Product Co.; he is not of the Bay State.

Senator SMOOT. It is Mr. H. C. Cole who testified before the committee the other day and filed his brief, but I thought perhaps he was only talking as to dry plates rather than to the regular films.

Mr. ROGERS. I hope I may now refer to the other question of the finished product that I was discussing before the committee.

My position on the finished product is not in the event that this 30 per cent ad valorem duty is retained as set out in the House bill that the result will be the following:

That in the event of the imposition of the contemplated 30 per cent ad valorem duty, retaliatory duties will be imposed by foreign countries which will jeopardize the foreign market, which is practically 80 per cent controlled by American manufacturers.

I know there have been other men before you on tariff schedules who have held themselves out to you and said there was fear of foreign retaliation. I am not merely holding this forth to you as a possibility, but as a fact, because I have garnered from all over the globe press clippings in which we are openly told that if the American producers wish not only to control and dominate the foreign market as he does to-day, but in addition thereto exclude the foreign product from the American market, that he will not take that blow lying down; that they are going to fight back and that they will fight back. This question of film duty has assumed such important proportions that the foreign press has come to the point of publishing cartoons as well as editorials. When the conservative old London Times devotes columns and double-column statements to the question of the American film ban and the American tariff on films, it is a fair indication.

(At this point Mr. Rogers filed with the committee certain press clippings, etc.)

Senator MCLEAN. Why is it that the American manufacturer can control the English market?

Mr. ROGERS. Well, there are two reasons for that: One reason is that just as the World War came on the American film had arrived at its climax of perfection. During the war Great Britain did not produce, neither did France, by reason of the depletion of their man power and by reason of the fact that they were compelled to use all of the component parts and elements that went into the production of motion-picture films for war purposes—the celluloid was used for the manufacture of guncotton; and so on through the industry—they produced nothing. During that period the American industry was built up in tremendous strides; tremendous improvement was made in technical handling and technical direction in motion pictures was discovered by American industries; wonderful improvements were made in cameras, stage effects, and stage lighting. So by the time the end of the war had arrived the United States had been furnishing the world all its motion pictures.

When the war was over the resources of these countries had been depleted; their ready liquid capital was not at hand to launch ventures. The upbuilding policy of those countries was active; there was no surplus capital, but, instead, tremendous war debts. We kept right on going into the production of films, and they rather lagged behind.

Taking England specifically: Atmospheric conditions in England are not conducive to motion-picture production. They have not the ideal conditions there that exist in this country. In the winter time we can send a company down to Florida, Louisiana, or to Southern California. In fact, we can produce motion pictures in California from 9½ to 10 months of the year.

Senator McLEAN. They can send their companies to Australia and Africa?

Mr. ROGERS. There is a physical possibility of doing that. But after their man power had been depleted, then after their resources had been depleted during the war, they were more concerned with building up the necessities that they required rather than going in for entertainment and amusement. Capital was not available. Furthermore, there had been tremendous confidence built up in the American production. American production had shown every possibility of attainment of the ultimate ends and had made tremendous strides.

Senator McLEAN. What per cent of the production of pictures is labor cost?

Mr. ROGERS. That is a very, very difficult question to answer, and I would not care to hazard a guess on that—it is too important.

Senator McLEAN. Suppose the Germans should become active?

Mr. ROGERS. The Germans have become active.

Senator McLEAN. And they have a much lower labor cost?

Mr. ROGERS. They have been active.

Senator McLEAN. How can we assume that they will not develop this industry and the processes that are necessary to displace our products, certainly at least abroad?

Mr. ROGERS. I think the best answer that I can make to that is this: That at the present, although several hundred of German productions have come into this country, only six or seven since the signing of the armistice have been deemed fit for exhibition to the American public.

Senator McCUMBER. Why?

Mr. ROGERS. The reason seems to be this, sir: You take the ordinary domestic drama or social drama produced abroad. They reflect foreign thought, foreign manners, foreign customs that are not readily grasped or accepted by the American audience.

Senator McLEAN. I know, but we export what to them are foreign customs.

Mr. ROGERS. But the peculiar part of that seems to be that the American film speaks in universal language and their films seem to be so clothed in the particular thought and the particular atmosphere of that particular country that it speaks the language of that particular country. Why that should be I do not know, but it is a fact. Why it should be that they produce, for example, Les Miserables so it would not take, but this country could produce Les Miserables and play to tremendous houses. Here is another mystery I can not understand.

Senator McLEAN. Conditions may change.

Mr. ROGERS. They may change. But the question before us is, Is this the time to impose a duty?

Senator McLEAN. You want to impose a duty before the change takes place; in other words, you lock the barn before the horse is gone?

Mr. ROGERS. That may be true. But you may also kill an industry which has grown up tremendously in this country and which has yielded tremendous taxes to this Government.

Senator McLEAN. You may kill the industry in this country?

Mr. ROGERS. You may kill the industry right here.

Senator McLEAN. That is, assuming that the Eastman Co. is a monopoly?

Mr. ROGERS. No, sir; this has nothing to do with the Eastman question at all. If this retaliation takes place in the foreign market——

Senator McLEAN (interposing). Retaliation?

Mr. ROGERS. Yes, sir.

Senator McCUMBER. Why is it that the manufacturers are not wise enough to comprehend this danger as well as the importers?

Mr. ROGERS. I do not quite grasp your question, sir.

Senator McCUMBER. Why, if there is danger of retaliation, why is it that the manufacturers do not seem to have the same fear about the retaliation that you have? If there is danger, I should think they would sense it quicker than anyone.

Mr. ROGERS. But I am here representing those manufacturers. They are the ones who are expressing this protest; that is what I am here for. Every manufacturer in this country is registering his protest against this. We do not want it; we did not seek this tariff protection. We see nothing but danger in it. We see the ruin of our industry in this, because there must be retaliation; there is bound to be. That tells the story.

Senator McLEAN. Who is it that is asking for this protection?

Mr. ROGERS. That is what I do not know.

Senator McCUMBER. That is what I am trying to find out. If the manufacturers do not want it——

Mr. PAUL M. TURNER. The independent producer, and the people who work—there is a difference of opinion between the producers on

this. I think that the only people who spoke in favor of the bill are the independent producers and the people who are employed.

Mr. ROGERS. I wanted to come to that as well. From the point of the independent producer—there is only one independent producer that I have discovered in the entire industry, after a complete canvass of the industry, who is in favor of this ad valorem duty, and that is a man whom you all know—Mr. David Griffith. He is the only one in the entire industry who objects. When you take into consideration that the American manufacturing producer produces between 840 and 860 productions a year, and of that entire number Mr. Griffith contributes two or three a year, you can readily see that the protest of Mr. Griffith is not a very powerful one.

The only reason why Mr. Griffith protests is this, as I understand it—that through the course of the year he will make two or three pictures. These are stupendous productions, and he feels that the only foreign pictures that can come into this country successfully, as is evidenced by past experience, are these massive productions, or these so-called historical productions, or a spectacle like "Passion" and "Calegara's Cabinet" and "Gypsy Blood," which is another version of "Carmen." He feels that those tremendous productions that come in here, which are the only ones that can come in on a paying basis, will come in competition with his paying productions in this country.

But it seems to me that that is a proposition where the tail is endeavoring to wag the dog, when two productions out of 850 are trying to control the industry, and it is a rather peculiar thing that when Mr. David Griffith wished to produce "Hearts of the World" he was very careful to go abroad and produce that picture abroad in order to get what he claimed was the "foreign atmosphere" and the battle fields over there, and the trench life of the soldiers and the life in the cantonments and the life in the French villages. When an American producer other than Griffith goes abroad and temporarily leases a studio over there to produce some historical studies such as "Nero," where he requires the background of Rome, Mr. Griffith says "There is grave danger in American producers going abroad." So far as the people employed in the industry are concerned, I can not understand by what classes of reasoning they can claim a tariff of this kind is going to help them. If it is true—and it must be true—that an ad valorem duty here will mean retaliation abroad, the inevitable result will be that, knowing that instead of an assured foreign market we are going to have, at most or at best, a speculative market abroad for a profit, and knowing to-day that with present cost of production we can count on the American market for amortization of production plus a very small profit, and our foreign business is almost entirely profit——

Senator MCLEAN (interposing). England put a duty on her key industries—6,000 of them or more. Do you know whether this is included or not?

Mr. ROGERS. Not yet, sir. It is contemplated only in event we do pass ours.

Senator MCLEAN. Would not the movie patrons over there protest a tariff on importations of these films? Everybody goes to the movies over there as we do here, I suppose; and I suppose there

would be strong popular opposition to a tariff on new film coming from this country, if they are as popular as you say they are.

Mr. ROGERS. It comes down to your proposition of formulating public sentiment; in other words, if the British press can be brought to bear—and they will be brought to bear—on the national proposition by insidious articles here and there to attack the American as an American, and as a greedy individual, and to attack your American films little by little, they will get the British public into an acceptable frame of mind.

Senator WATSON. Are any of these American companies manufacturing in foreign countries? Have they set up establishments there for that purpose?

Mr. ROGERS. There is one company that has, and that is Famous Players-Lasky Corporation, but not on a large scale. The great part of their production is done in this country. I do not think 6 or 8 per cent of their production is done abroad, although they have studios abroad.

But it can be done the same as they are doing in Australia to-day. To show you just how far they will go, here is a communication from our Department of Commerce, setting out what the New Zealand press and the Australian press is doing now, in order to bolster up toward this feared American tariff. Here is one from the New Zealand Herald of September 22, 1921, in which they say: "The suggestion of New Zealand should assist the British moving picture industry by imposing a surtax on foreign films is one that will be very widely approved."

And, by the way, Australia has started the ball rolling by increasing the present duty 100 per cent. It was 1½ pence, and now we have made it 3 pence, with a differential in favor of the British film, however.

Senator MCLEAN. Yes, but there is big money in this business, and what effect will that have on the price of admission to the movies?

Mr. ROGERS. The prices of admissions, where?

Senator MCLEAN. To the movies. What effect does it have on the consumer?

Mr. ROGERS. The effect it will have will be this, sir: I was right on that point—that if we are to depend on a speculative market abroad, or nonproductive, nonprofit making abroad, it will mean that if we are to maintain the standard of the motion picture in this country, which it has taken us years to attain in the United States, we will have to get the amortization of cost of production out of this country as well as our profit out of this country, because there will be no assured foreign profit. Our foreign business to-day is all profit. That being so, the only way in which we can get back our amortization of cost of production and of fair return on our investment in our business would be by passing the burden to the consumer; or, the other alternative would be to lower the standard of production, cheapen our production, and in that manner lose our superior position in the world market, and allow the foreigner to come in and outstrip us very shortly. Now, the curtailment of production——

Senator MCLEAN (interposing). What is the price of this article now compared with 1918? Are the prices higher or lower than in 1918–19?

Mr. ROGERS. The cost of production to-day, sir? Lower.

Senator McLEAN. The cost of production is lower and prices are lower to the consumer?

Mr. ROGERS. They are a bit lower. There has not been any appreciable reduction. It is somewhat lower than in 1918; there has not been any tremendous reduction.

Senator McLEAN. About what profit do you figure on?

Mr. ROGERS. That all depends on the production, and we do not really figure on any specific basis of profit, nor is there any particular budget.

Senator WATSON. You get all you can, and that is all you can do?

Mr. ROGERS. Some lose and some make.

Senator McLEAN. You get all the trade will bear, and it has borne up pretty well?

Mr. ROGERS. I will say fairly well, because at present the industry is not in a very prosperous condition.

Senator McLEAN. About what percentage?

Mr. ROGERS. I think we have fallen off in production between 55 and 60 per cent, sir. I know that in our company, where we worked seven companies on our studio floors in the East last year and the year before, we are only working two companies this year. I know Coudert worked five or six in his eastern studio, but they are now closed entirely and are working nowhere. Famous Players are closed entirely; they are doing nothing there.

Senator McLEAN. Is that due to a decrease in your sales?

Mr. ROGERS. Yes, sir; it is due to an absolute stagnation in this industry to-day.

Senator WATSON. It is due to the industrial condition and the inability of the people to pay the price, and not due to foreign imports?

Mr. ROGERS. Absolutely; no, sir.

Senator McLEAN. You do not notice that the theaters in Washington have closed, do you?

Senator SMOOT. Not in the District of Columbia.

Mr. ROGERS. In Minnesota and North Dakota alone there have been 260 moving picture theaters closed. But you can not find in a transient city like Washington, with the tremendous visiting population all the year through——

Senator SMOOT (interposing). And having a Government pay roll?

Mr. ROGERS. And having a Government pay roll, really a public playground compared with cities that have their normal population.

Senator McLEAN. That depression that is now extant here is not due to the foreign competition, but to the general depression of business?

Mr. ROGERS. Yes, sir.

Senator McLEAN. And the lessening of the purchasing power of the people?

Mr. ROGERS. Yes, sir.

Senator McLEAN. And their inability to attend these entertainments?

Mr. ROGERS. Exactly, and the general stagnation throughout the country.

In view of these conditions, it is my position that this is no time to tinker with a tariff of this kind, and to indulge in dangerous experiments. It may be all right to say that it is better to "lock your

stable before the horse is gone," but there is such a thing as locking your stable and smothering the horse.

Senator JONES. Or locking the horse outside?

Mr. ROGERS. Exactly; locking the horse outside.

Senator MCLEAN. There do not very many smother. They are well fed and groomed.

Mr. ROGERS. If you will guarantee to feed them and groom them, you may close the stable.

Senator MCLEAN. If the American people stop buying American goods, you will find out what will happen to your horse pretty soon.

Senator SMOOT. I wanted to ask you if the wording in paragraph 1451 meets the situation as it exists to-day in the moving-picture industry?

Mr. ROGERS (reading):

Photographic cameras and parts thereof, not specially provided for, 30 per centum ad valorem; photographic dry plates, not specially provided for, and photographic and moving-picture films sensitized but not exposed or developed, 20 per centum ad valorem.

That is the Eastman proposition, just spoken of.

Senator SMOOT. You are satisfied, then, with three-fourths cent per linear foot on positives and 1¼ cents on negatives; that is, applying now to photographic dry plates only?

Mr. ROGERS. I do not care anything about that; we are satisfied with that as to dry plates only, not the films.

Senator SMOOT. What I wanted you to do is to read the next item.

Mr. ROGERS (reading):

Photographic film negatives, imported in any form, for use in any way in connection with moving-picture exhibits, or for making or reproducing pictures for such exhibits, exposed whether developed or not, and photographic film positives, imported in any form, for use in any way in connection with moving picture exhibits, including herein all moving, motion, moto-photography, or cinematography film pictures, prints, positives or duplicates of every kind and nature, of whatever substance made, 30 per centum ad valorem.

Senator SMOOT. You want 3 cents per linear foot?

Mr. ROGERS. I say I want the present specific duty of 2 cents per linear foot on positive negatives exposed but not developed, 3 cents on negatives exposed and developed, and 1 cent on positives.

Then the rest of it about partially produced abroad, I object to that, as well. If it is vicious to have 30 per cent in any event, it is vicious to have this subsequently to be produced partially of the film abroad as well.

Senator SMOOT. Now, the proviso, beginning line 9, page 169, does that express the idea that you had in mind in relation to the importation of the motion-picture films or film negatives taken from the United States and exposed in the foreign countries?

Mr. ROGERS. I see no necessity for that, unless the 30 per cent ad valorem is invoked. You see, if the 30 per cent ad valorem is invoked against foreign productions, then the logical step would be to afford protection so that the American producer can go abroad and take part of his factory. If the 30 per cent goes out, that should go out.

Senator SMOOT. If we should put on 2 cents per linear foot on negatives exposed but not developed, 3 cents on negatives exposed and developed, and 1 cent positives, then there would be no necessity for the proviso?

Mr. ROGERS. None whatever, sir.

BRIEF OF SAUL E. ROGERS, REPRESENTING THE NATIONAL ASSOCIATION OF MOTION-PICTURE INDUSTRY.

PHOTOGRAPHIC AND MOTION-PICTURE FILMS SENSITIZED BUT NOT EXPOSEL OR DEVELOPED.

The undersigned, consisting of the largest motion-picture film producing and distributing companies in America enter their protest against the imposition of a 20 per cent ad valorem duty on motion picture film raw stock described in the House bill as motion picture film sensitized, unexposed and undeveloped, and respectfully request that this film be permitted to remain on the free list.

The only object that will be served by imposing any ad valorem duty on raw stock will be to further enhance, develop and maintain the present monopoly enjoyed by the Eastman Kodak Co., which at present controls between 95 and 98 per cent of the American market, and a large part of the foreign market. It is readily ascertainable that the Eastman Kodak Co. sells approximately 90,000,000 feet of film per month, and is reputed to sell in excess of 100,000,000 feet per month.

The only other independent producers of film in this country are the Bay State Film Co. which produces approximately 2,000,000 feet per month, and the Powers Co., which at present is producing practically nothing. Hitherto there was a third company, known as the Eagle Rock, but this has been since acquired by the Eastman Kodak Co. in order to curtail competition. The present real foreign competitors of the Eastman Kodak Co. are the Pathe Co., with a total output of approximately 2,500,000 feet per month; the Gravaert, a Belgian company with an approximate capacity of 5,000,000 feet per month, 50 per cent of which, however, is consumed by the Belgian and French markets; the Agfa Co., a German company, with a total output of approximately 9,000,000 feet a month, 50 per cent of which, however, is consumed by the German market.

It is recognized that the imposition of a duty is necessitated either as a measure of protection to an American industry or in order to obtain revenue. From either point of view a tariff will be nonproductive. The Eastman Co., which has practically a 95 per cent monopoly of the motion-picture films sold in this country, surely requires no protection, and so far as revenue is concerned, the foregoing figures readily demonstrate that the revenue received will be practically insignificant. Prior to the entry of the foreign product into this country the Eastman Co. could dictate any price it pleased for its motion-picture film raw stock. Since the entry of a foreign product, the Eastman price has fallen, and the Eastman Co. still earns tremendous profits on its sales in this country as well as abroad. Extensive preparations are being made by the Eastman Co. to establish large plants in Europe, and it is a matter of common knowledge that the Eastman Co. sells its American product abroad at a lower price than it does in this country.

The only result that will follow from the imposition of a duty will be to more securely bolster the monopoly of the Eastman Co., to throttle competition, and to increase the price of raw stock in this country.

It is therefore respectfully requested that the said motion-picture film raw stock remain on the free list.

(Representing the following companies: Metro Pictures Corporation, Associated First National Pictures (Inc.), Realart Pictures Corporation, Famous Players Lasky Corporation, Universal Film Manufacturing Co., Fox Film Corporation, Educational Film Exchanges (Inc.), R-C Pictures Corporation, Associated Exhibitors (Inc.), Goldwin Pictures Corporation, The Bray Productions (Inc.), David P. Howells (Inc.), Inter-Ocean Film Corporation, Export & Import Film Co. (Inc.), Selznick Pictures Corporation.)

MOTION-PICTURE PRODUCTIONS.

This appeal is made on behalf of the National Association of the Motion Picture Industry of the United States of America, which represents approximately 95 per cent of the motion-picture film productions produced and distributed in the United States of America, in protest against levying the contemplated tariff of 30 per cent ad valorem on foreign motion-picture film productions. By foreign motion-picture film productions is meant the finished motion-picture play or story, fully complete and ready for exhibition in theaters.

Under the act of 1913, paragraph 380, which fixes the present duty, the tariff is a specific duty levied in the following manner: Photographic film negatives, exposed but not developed, 2 cents per linear or running foot; if exposed and developed, 3 cents per linear or running foot; photographic film positives, 1 cent per linear or running foot.

The relief requested is that the present aforesaid specific duty remain undisturbed.

THE DEVELOPMENT AND IMPORTANCE OF THE INDUSTRY.

The motion-picture industry at present is supposed to rank fifth among the industries of the United States. Its development has been rapid, progressive, and constructive. It is difficult indeed to give an accurate estimate of the number of people employed in that industry to-day by reason of the fact that there are a number of independent producers producing on a small scale who are not members of our national association. The industry is divided into three main groups, namely, the producing group, the distributing group, and the laboratory group. The producing group is the one engaged in the actual production of motion-picture photoplays. The releasing group functions as the distributing agency of the finished positive motion-picture prints. The laboratory group is engaged in the business of developing exposed negative and printing positive for either the large producing companies or independent producers. In some of the large companies all three groups are combined.

It would be impossible to even approximate the total number of persons directly and indirectly engaged in this industry by reason of the far-reaching character of the work involved. In the studios, for instance, the number employed varies practically from day to day. On one day several thousands of extra persons may be employed in large scenes in the studios, whereas on the succeeding day this number would be greatly diminished. The artisans of almost any number of other industries are employed to furnish materials, properties, costumes, and effects required in the production of motion pictures.

This very brief résumé of the facts tending to show the importance of the industry can only in a very vague manner convey the real status of the industry. The writer, however, feels there is no necessity for dwelling at any great length on this aspect because the importance of this industry has been made apparent to the entire world, and particularly to this nation, during its period of stress throughout the World War.

The motion picture has brought entertainment and happiness to outlying, segregated, remote farming, mining, and grazing sections of the country, which formerly were without amusement of any kind. By the educational, travel, and news subjects produced the motion picture has brought these people in contact with the world that is outside their doors, the wonders and beauties of which they could only vaguely dream of.

REASONS FOR THE RECOMMENDATION.

The reasons for the recommendation for the maintenance of the present specific duty are briefly the following:

1. That in the event of the imposition of the contemplated 30 per cent ad valorem duty, retaliatory duties will be imposed by foreign countries, which will jeopardize the foreign market, which is practically 80 per cent controlled by American manufacturers.

2. That if the said proposed tariff is passed the American manufacturer will be compelled to go abroad and produce on a large scale in order to be afforded entry into the European market on a basis equal to that of European manufacturers and competitors.

3. That if the proposed tariff be imposed the American consumer will ultimately be compelled to pay a higher price if the present standard of productions is to be maintained.

4. That by reason of the foregoing, if such tariff be imposed, a large number of American actors, directors, workmen, artisans, and laborers will be thrown out of employment.

5. That the tariff is unnecessary either from the standpoint of necessity for protection of the American industry or from the standpoint of yielding any appreciable revenue.

6. That the industry requires no protection because it dominates the home market and controls practically 80 per cent of the foreign market.

7. Foreign productions have not made any material inroads in the American market and have not as yet become a real competitor in the home market, and the comparatively small number of productions that have been imported and will be imported in the near future yield an insignificantly small revenue.

The 30 per cent ad valorem duty contained in Schedule 14, paragraph 1451, of the house bill was not requested by the National Association of the Motion Picture Industry nor by anybody acting in its behalf or with its sanction. In fact, the industry was not afforded an opportunity to appear before the House Ways and Means Committee to protest against that measure, because it was not until the committee was practically ready to report that it was understood that such a provision had been written into the bill and would shortly thereafter be reported out of the committee.

It is the opinion of this industry, after very careful consideration of this question, that if this tariff measure is passed, it will be disastrous to the industry and the labor employed therein. It will mean either driving American producers abroad in order to enter the foreign market or a material reduction in the wage scale of labor employed in our industry in order to meet a material diminution in business and profits.

If the 30 per cent tariff becomes law, there is no doubt that the foreign nations will retaliate by imposing equally high or higher ad valorem duties against the American product, and they will be careful to base their tariff on American valuation in order to make the tariff yield as high as possible. Bearing in mind the fact that the American film producers have practically a monopoly in the motion pictures exhibited in foreign countries, a tariff barrier raised against the American product would mean the loss of millions of dollars to this industry. The American control of the foreign market with respect to motion-picture films is approximately the following:

Great Britain, approximately 85 per cent of the films exhibited.

Australia, 90 per cent of the films exhibited.

South America, 95 per cent of the films exhibited.

Continental Europe, 85 per cent of the films exhibited.

Far East, 80 per cent of the films exhibited.

It will thus be readily comprehended that a high tariff imposed as a retaliatory measure by those foreign countries will make it practically impossible for the American product to compete with the foreign product in the foreign market and make a profit. At present the American market affords us an opportunity to amortize the cost of production plus a small profit, and our foreign business is practically all profit. If we are confronted with a retaliatory tariff abroad this industry will be compelled, in order to enter the foreign market under favorable conditions, to either organize producing companies abroad and carry on a material part of our production abroad as foreign companies, which would throw thousands of people out of employment in this country; or the other alternative would be for us to curtail the cost of production in this country very materially in order to obtain the amortization of production and a reasonable profit in this country, knowing that we will be compelled to speculate in the foreign market for a profit.

In the latter event curtailment of salaries and discharge of a considerable number of employees throughout the entire industry will be necessary and labor employed in this industry will naturally suffer. If material curtailment in the expense of production is necessitated by such a measure it will mean that the high standard at present maintained in American production will of necessity be lowered and the present superior standard of American production, recognized throughout the world, will immediately fall, and our foreign competitors will then be in a position to easily control the entire market and force American productions into a minor position. If, on the other hand, the standard is to be maintained and we are compelled to obtain amortization of production and a profit out of the American market, it can be readily realized that the American consumer would be compelled to pay a considerably higher price for American productions.

The fear of retaliation by the foreign countries is well founded, as will appear from the mass of press clippings which have been gathered from foreign newspapers and foreign trade periodicals, which have been submitted to this committee. Great agitation for retaliation has appeared in the British press and trade papers. In addition thereto this industry has been served with a protest from the Canadian Motion Picture Distributors' Association against this tariff and informing us in no uncertain terms that Canada will follow in the footsteps of Great Britain in bringing about retaliation against the American films. This protest is included among the exhibits filed with your committee.

The imposition of an ad valorem duty, however, high, will not keep the foreign product out of this country, nor will the present 30 per cent ad valorem duty equalize the difference in production cost between that of the foreign market and that of the American market. If the argument of the agitators for this tariff is to be believed, then it must be presumed that a motion-picture production can be made abroad for approximately one-fifth or one-third of the cost of production in this country. If that be true then it would take a tariff of between 300 per cent and 500 per cent ad valorem, based on the foreign market cost of production, to equalize it, and it would require a duty of 100 per cent ad valorem, American valuation, to likewise equalize it. A 30 per cent ad valorem duty would not act as a deterrent because if a foreign concern produced a motion-picture production with merit and with the possibility of fair earnings in this country, the matter of an ad valorem duty of 50 per cent or 60 per cent will not deter the foreign producer from introducing the film into this country. It will merely mean that the profit of the importer will be somewhat diminished, but eventually a fair and reasonable profit will be made. This is particularly true in view of the fact that he is

not compelled to bring his entire product or entire production into this country. He merely causes the negative film to be imported, pays his duty thereon on the basis of a fair appraisement, and then causes as many positive prints to be made from this negative as he deems necessary in order to exploit it in this country. Thus it can be readily seen that this duty will not act as a deterrent.

So far as productions which lack merit are concerned, the question of duty or lack of duty will not affect the American producer because if it is a poor production, whether a duty is or is not paid will be immaterial because it can not seriously compete with meritorious productions and will not even be acceptable to American audiences. The American production is far superior in every respect to foreign productions, as is evidenced by the fact that practically 80 per cent of the pictures shown abroad are American. The only foreign productions which will be acceptable to the American market are the mass productions, historical productions or spectacular productions. Only a very small number of these can be made in a year. The ordinary domestic or social drama produced abroad will not meet with a cordial reception in this country because they reflect foreign customs, manners, and habits, and thought, which are not readily grasped or accepted by the American public.

From the point of view of revenue the duty will not cause any appreciable yield to the Government. This can be readily comprehended from the fact that the negative only of the production is brought into this country. However, if the duty were levied on the basis of American valuation, the appraiser would of necessity be compelled to make a fair allocation of its value at the ratio which the total value in the entire world bears to the United States. Thus the duty levied would not be on the basis of the entire value of the production, but only on the fair value of the United States rights as compared with the rights in the rest of the world.

In the past two years approximately 350 foreign productions have been imported, and of that number not quite a dozen were found suitable to be released and exhibited to the American public. It is a matter of common knowledge among reputable importers in this country that large quantities of foreign films are lying in the customhouse in New York unreclaimed because the importers will not even pay the two or three cents per linear foot specific duty to release these films, and that periodically sales are held at the customhouse of foreign films for nonpayment of duties, and that these films so sold bring insignificant prices. It is also a matter of common knowledge that hundreds of foreign films are lying idle in the vaults of importers because they know that they are unfit for release in this country, and that these films are being sent to reclamation plants to obtain the little physical salvage that is in them in the way of scrap film, and the silver that can be reclaimed from the films.

The motion-picture industry at present is in a stagnant condition. A number of large companies have closed their studios. Others have suspended business, and some companies have gone into the hands of receivers. Production has been cut down to between 35 and 40 per cent of normal and the industry requires assistance and acceleration and a world market in order to return to normal. A tariff at this time would be nothing short of a calamity because it would absolutely destroy our foreign market.

STATEMENT OF PAUL N. TURNER, REPRESENTING THE ACTORS' EQUITY ASSOCIATION.

Mr. TURNER. I am here to speak on film negatives.

Senator SMOOT. Are you asking for a 30 per cent ad valorem rate?

Mr. TURNER. We are asking for more.

Senator SMOOT. You want that?

Mr. TURNER. We want more than that.

Senator SMOOT. Three cents a foot will not do?

Mr. TURNER. No, sir.

Senator SMOOT. Please tell the committee briefly, if you can, why it will not do.

Mr. TURNER. I represent the workers in this matter. I can not tell you briefly. It will take a few moments to do it, because we have to take issue with Mr. Rogers on some of the most important facts mentioned. We feel that so many of these are basic facts.

Senator SMOOT. Will you tell me briefly what you do want?

Mr. TURNER. Yes. We wish an increase, in accordance with an investigation which this committee has made, which will be shown is necessary to keep the industry alive in this country.

Senator SMOOT. What do you ask?

Mr. TURNER. Fifty per cent.

Senator SMOOT. Then you want 50 per cent?

Mr. TURNER. We asked the Ways and Means Committee of the House for 60 per cent. We got but 30.

Mr. Rogers has stated—and I will not take issue with him on that—that a quarter of a million people are dependent, directly or indirectly, upon this industry. When I investigated the matter in order to be able to take it up intelligently before the House, the best figures that I could obtain showed that the capital investment in this country is between $150,000,000 and $200,000,000. There are 18,000 theaters in operation. Of course, I represent immediately only the actors. There are about 10,000 men and women who have become part of a settled industry who make a regular, or, rather, an irregular livelihood from it.

Senator SMOOT. Do you represent the stars?

Mr. TURNER. I represent all of them who belong to our association.

The first thing that I want to call your attention to is the fact that Mr. Rogers spoke of, and that is that we made this industry in this country and that this body of men and women numbering approximately 250,000 has adopted it as their means of livelihood. We have put it where it is in this country, and our present production is sufficiently large so that up to about one year ago foreign production did not deserve or receive serious consideration.

Our feeling is that this tariff stands between us and practical extermination. We hope to give the reasons for that statement.

Of course, we do not have to argue here about costs, because you all know that in Germany they can make a picture at about 10 per cent of what it costs us to make it here. The cost of production is considerably greater in England.

Mr. Rogers was correct when he stated that the climatic conditions in England prevent that country from being a close competitor, but that is not true with reference to France, Italy, and Germany. The result is that if you take the pictures that are grossing in sales $300,000 and $400,000 in this country, and on which you receive only a few hundreds of dollars of duty, you will find that they are made largely in Germany and brought into this country. They are also made, as I have said, in France, Italy, and England. Probably not a single one costs over $30,000, the average being between $10,000 and $12,000.

Senator WATSON. How many German pictures—that is, finished products—have been sold here?

Mr. TURNER. I am coming to that in a moment.

The next thing that you are naturally interested in is, if they can make them cheaply over there, what about wages over here? I have found from an exhaustive examination of employment conditions in this country that 96 per cent of the labor that goes into films does not make more than a living wage. Eighty per cent of these people working in films work but a comparatively few days a week.

Senator WATSON. Do you mean the labor?

Mr. TURNER. I mean the labor that goes into the play—the actor, the electrician, and so on. The electricians really get more for their

work than the actors do, but I am going to take the actors as an illustration.

The average actor who works in a film, and who, we feel, contributes more largely than any other person to the success of the film, gets no more than a living wage. That applies to 96 per cent of them. I will tell you in a moment just what the wages are.

Eighty per cent of them are the people who work in what we call the crowd. They take small parts. They are not distinguishable from the crowd. I refer to such people as the dancer who goes across the stage. Taken by and large, they form 80 per cent of the total number of employees. I am putting it high when I say that their average wage is $10 ($7 would be fairer) for every day they work, which would be less than $5 if you spread it over the entire year. Our best survey shows, in fact, that the best wage, year in and year out, is about $23 a week.

There remains 16 per cent who are in the small-act class, or who play parts that are of comparative unimportance. There are, then, always in the cast two or three high-class people. We are treating them in an optimistic spirit if we say that the 16 per cent make $90 a week, which would be about $45 a week on the average. It is really less than $45. Of course, their work requires special training. They have to have a special background. One can not get on the screen even, except in a few special cases where stars have been made overnight, without having quite a long background of experience. If they get $45 a week, they are lucky.

Then there is another 4 per cent, and that is the 4 per cent against which there is a great deal of criticism, some of which is well founded and some ill founded.

Take, for instance, Mary Pickford and Douglas Fairbanks and Charlie Chaplin. I do not know whether you know that they are business men and women who risk their own fortunes.

Senator WATSON. What do they make?

Mr. TURNER. Douglas Fairbanks, you may be surprised to know, put five or six or seven hundred thousand dollars into the picture he has been playing recently—The Three Musketeers. If that picture makes money, he makes money. It is the same way with Charlie Chaplin. As a matter of fact, I was talking to Mr. Emerson, and he had the same point of view.

Senator SMOOT. How did "Doug" make his $750,000 to put into a picture?

Mr. TURNER. Mr. Emerson directed Mr. Fairbanks, so he knows more of the particulars than I do. I think it was borrowed money.

Mr. EMERSON. Mr. Fairbanks had to borrow some of the money.

Senator SMOOT. I could not live like Fairbanks does unless I made a great deal of money.

Mr. TURNER. These happen to be the facts in the matter, no matter what the newspapers may say about it. There is no question but that there is a considerable number, perhaps a hundred, in the business among the leaders who are perhaps what might be called overpaid.

Mr. EMERSON. There are not more than five.

Mr. TURNER. I am saying 100 because I want to be on the right side.

I have shown here that these people, on the average, are not overpaid.

What I do want to point out at this time is that, considering the wages that are paid, any overpayments that are made, if applied to the whole, are not large enough in comparison with the total cost to influence the final box-office price.

For instance, if we say that a star gets $2,500 a week and ought to get only $1,000, that would be $1,500 in excess for, we will say, five weeks. That picture's sales would be practically $250,000. So, when you take this overplus and consider it in proportion to the total sales, it is so small that it will never reflect itself in the box office. That is the point I want to make in that connection.

Mr. Emerson and I have tried to divide the facts a little bit. I am to speak on some of them and he is to speak on others.

The point that I wish to impress upon you is that connected with foreign invasion. When that point was raised before the Ways and Means Committee in the House, a great deal of consideration was not given to it. It was thought that nothing could happen. One of the reasons that we got only 30 per cent was that this invasion then did not mean anything. I do not know where Mr. Rogers gets his information, because it is terrible, and I am going to show you that it is in a moment.

I have taken Wids, which is a recognized daily, and which tells us a little about the foreign motion pictures presented in this country. I have taken the trouble to go back for a few months and have picked out the foreign pictures to find out what the cost is and their gross in this country. I want to give you a few of them. I have here 54. You will remember in this connection what Mr. Rogers told you. He said probably five or six had made money. I have here a list of 54. Some of these are only advertised for distribution and have not been exhibited yet. I am going to file the list with the committee. I want to give you two or three of them just in order that you may get an idea.

One Arabian Night is a German picture released by the First National. That is a picture that brought over $250,000.

Passion is a play that brought in the neighborhood of $400,000. It has brought that much already. Remember, gentlemen, that you get practically no duty on these. The duty is, perhaps, 3 cents a foot, making, possibly, $150. Those fellows on the other side have drawn over $2,000,000 and have taken it out of this country.

Senator SMOOT. Do you know how much we have drawn from foreign countries?

Mr. TURNER. Oh, we sell a lot to foreign countries. I should say that we sell 15 or 18 per cent.

Senator SMOOT. Of American production?

Mr. TURNER. Yes. Of course, that is not in these particular countries that we are talking about when they begin to talk about retaliation. You see, the only countries that are producers abroad that will hurt us are Germany, France, and Italy; and you can only consider those three countries in this connection.

Senator WATSON. Was Passion a German play?

Mr. TURNER. Yes, sir.

Senator WATSON. Did they produce it in this country or sell American rights?

Mr. TURNER. Mr. Emerson is going to cover that ground.

Senator WATSON. Very well.

Mr. TURNER. We are going to show you the reasons why, for the first time, American manufacturers do not want a duty. There is going to be a better reason given you than was disclosed this morning.

Now, take the play Gypsy Blood. That is a German picture. That has grossed over $300,000.

The Cabinet of Dr. Caligara has brought in over $200,000.

Theodora is reliably reported to have brought in already over $1,000,000.

I could go on through this list and mention a great many of these pictures. I have here a tabulated list. Of these, about 65 per cent are German, 15 or 20 per cent English, and the rest scattered between Italy and France. The Norwegians, I might add, are doing quite a good bit of work.

Mr. Rogers had a great bunch of stuff, some of which I feel was inspired. Certainly none of this is. I have here data showing the activities of nearly all of our producers in this country abroad. There is a reference in this file to the Hearst Co. being abroad, and then a reference to the foremost of American companies backed by American capital in Czechoslovakia. There is a reference to the work of Mr. Laemmle, president of the Universal Film Manufacturing Co., who plans active production work in Germany.

Here is a heading in the Exhibitors' Trade Review to the effect that the Famous Players-Lasky Corporation officials returned to New York after a European tour.

Mr. Lesley Mason, editor of Exhibitors' Trade Review, writing from the other side, said:

As for German films in America, most of the films enumerated in the early lines of this article have been bought for the United States, entirely apart from whatever plans Famous Players may have for presenting their choice of Ufa productions to American audiences.

Nor will the Germans be content to wait in Europe for the American buyers to come to them. This winter will see at least one prominent German producer in New York, according to his own expressed intention, and he will bring 10 or a dozen of his best productions with him. Before he leaves America, in his own words, he will have ascertained whether his pictures are wanted or not. If they are, he will be there to dispose of them. If not, he will return to Berlin, bide his time, and continue his work.

I have referred to these pictures particularly because I want you to feel from the labor standpoint or from our point of view we are headed right straight for destruction. I do not want you to think that that is a foolish point of view. I may say to you that if anybody had told me of these facts six months ago—facts that I know are true to-day—I should have laughed at him. I did not realize what was behind it. I did not realize that the producers in this country have already decided among themselves to go abroad to produce. The reason they are doing it is one that Mr. Emerson can give you more particular information about than I can.

Senator SMOOT. Have you a brief?

Mr. TURNER. Yes; we have a short brief which was presented some time ago.

There is another point to which I should like to refer. In Los Angeles, where we have had an opportunity to live a settled life under

settled conditions, we are making great strides. For the first time the actor has become a member of the community out there just as he has become so in Fort Lee in New York. If I had the time to go into details, I could show you that he is becoming a good factor in our daily life. We do not think it is fair to him, after he has spent years in training in order to make a livelihood, to take his means of livelihood away from him.

Senator WATSON. You spoke of some company making $250,000 gross. Didn't you say "gross"?

Mr. TURNER. Yes; that is what we call it.

Senator WATSON. Do you know what that is net?

Mr. TURNER. It means, with the exception of the cost of distribution, that it is already net. What it really means is this—I will take an average example: Take, for illustration, the play Passion. You can take outside figures on that. Passion is estimated to have cost, in Germany, at the outside, $30,000. Mr. Griffith told me personally that he had carefully analyzed the matter and that he could not produce it in this country under $400,000; as a matter of fact, he said $500,000. So when I say that it means so much money gross it means that somebody brought it over at a cost of perhaps $30,000 and paid a duty of $200 or $300 and sold it to the American public for $300,000 or $400,000.

That was played at the Capitol Theater. It played there for some time. The first two weeks the box-office receipts, as I recollect the figure, amounted to $100,000 or over. That is not unusual at all. It shows, however, what is being done. It is no more than natural, if our producers, as Mr. Emerson will show you, control in great measure distribution—control what is going into the theater—and hold the theaters by the nape of the neck, that these people should go abroad and get their pictures made cheaper. The complaint of the Federal Trade Commission against the Famous Players-Lasky, filed about September 1, 1921, shows the amount of control already secured by one firm. If they can keep up the prices over here, that is what they are going to do.

Senator JONES. Just what production is this on which you want a 50 per cent duty?

Mr. TURNER. On the motion-picture negative.

Senator JONES. In what form is that imported into the United States?

Mr. TURNER. The negative is imported; also one or more positives. In other words, they might make a picture of this room. The film is run across and the people in the room are exposed on that film.

Senator JONES. What is the unit of importation?

Mr. TURNER. A foot of film.

Senator JONES. What is the American price for that film by the foot?

Mr. TURNER. There is no price. The price is by the picture. A foot of film, a yard of film, or 10 or 100 yards of film might contain a group picturized on that film that might cost $10,000. You see, it is the picture itself that you see, only you see it on the screen. The film is made abroad, just like your photograph would be.

Senator JONES. Each picture is a separate importation, is it not?

Mr. TURNER. Yes.

Senator JONES. How would you fix its value in the American market?

Mr. TURNER. You have to do it in the same way as you do when you consider statuary or paintings or anything of that kind that comes in under "objects of art." The Ways and Means Committee brought in customs officials and statisticians who went over the articles with us at the time, and this was then formulated, and it was decided that it should be done in this way.

Senator JONES. How would you ascertain the amount of duty?

Mr. TURNER. By running the picture through and showing how much work was done on it and the probable cost in this country.

Senator JONES. You would not estimate the probable cost in this country; you would estimate its probable value in this country.

Mr. TURNER. Yes: that is right.

Senator JONES. What is the method of ascertaining its value in this country?

Mr. TURNER. Primarily, of course, it would be based on cost.

Senator JONES. What per cent of profit does the American producer expect to make?

Mr. TURNER. I am afraid, Senator, that if we figured on what he expected to make or hoped to make, it would be prohibitive, but I can say, I think, that the leading companies in the last three or four years have averaged about 15 or 20 per cent.

Senator JONES. What I am trying to get at is how the customs officials would ascertain the amount of duty to charge on a given importation.

Mr. TURNER. I am sorry, Senator, that I can not answer that, except to say this, that when we appeared before the Ways and Means Committee they brought their statisticians in and went over this particular paragraph and determined that it should be handled along the same line as other matters that they handle in connection with similar goods for which there was a precedent and which they had already worked out.

Senator JONES. Was this picture Passion sold to an American buyer?

Mr. TURNER. Yes, sir; it was.

Senator JONES. For what price?

Mr. TURNER. I understand the price was about $30,000.

Mr. EMERSON. The price was $7,000.

Mr. TURNER. Mr. Emerson says it was $7,000. Mr. Emerson knows better than I do.

Senator JONES. Could you say that there is any market price for such a picture as that?

Mr. TURNER. No, sir; it would have to be appraised. There is no doubt about that.

Senator MCLEAN. Wouldn't a reasonable duty be justified as a revenue duty under any circumstances?

Mr. TURNER. If I were allowed to go into the revenue figures, I think I could show you that there is no question at all but that this duty of 20 or 25 per cent, while it is not going to save the industry, is going to produce a substantial revenue.

Take a picture that is made abroad for $10,000 and that would cost in this country $100,000. With a 30 per cent duty, that picture

would be laid down at approximately $40,000. Obviously that is not going to save us. If you allow this duty of 25 to 30 per cent to remain, we will lose half the industry anyway. If you increase it a bit, we can keep more of it. The fear I have is that if we lose half of the industry, the morale will be disorganized. We would be very much disorganized on a half basis.

Senator JONES. You say there are no comparative pictures produced in this country which would justify the fixing of value for the purpose of levying a duty.

Mr. TURNER. My thought is this: If you will show me a picture, or run it across the screen, I can look at that picture, and by analyzing the actors in it and the sets that were used, can approximately state what that picture would cost in this country to make.

Senator JONES. But you can not compare one picture with another any more than, to use your own illustration, you can compare one piece of statuary with another.

Mr. TURNER. They are all different, of course.

Senator JONES. They are all different, and one piece of statuary does not compete with another piece of statuary, does it?

Mr. TURNER. Yes.

Senator JONES. In what way?

Mr. TURNER. Well, it does in instances. I do not say that it always does. Of course, one antique might not compete with another. However, I went into a gallery the other day to choose a piece. They certainly competed with each other, because it took me some time to decide on the piece I should buy for my wife.

Senator JONES. In what way does the foreign picture compete with the domestic picture?

Mr. TURNER. They are the same picture. The foreign and domestic pictures are the same, except in two respects. The foreign picture costs about one-tenth what the American picture costs, and the foreign picture, in the making, is often atmospherically different; that is to say, the Italian pictures, for example, show up differently from the American pictures. There is an entirely different atmosphere. Many are brought over here that are not suitable for use in this country. I have pointed out to you only the successful ones. Every one of these has made a lot of money.

Senator JONES. You would not sell the foreign picture in competition with the domestic picture. How would they compete? How would the one interfere with the other?

Mr. TURNER. Here is the way they interfere: If 54 pictures made abroad are introduced into this country and it has been shown that that number is being brought in or advertised, then they are competing to just that extent. In other words, our studios are idle and foreign studios are used to make these pictures.

Senator JONES. You gentlemen want the American people to see that picture, do you?

Mr. TURNER. Oh, yes, sir.

Senator JONES. You would not make the same kind of pictures, would you?

Mr. TURNER. Well, we make the same general kind of picture.

Senator JONES. You think it is good enough for the American people, do you not?

Mr. TURNER. Oh, mind you, their pictures on the average, are no better than ours.

Senator JONES. But the particular picture itself has some value to the American people, has it not?

Mr. TURNER. Surely.

Senator JONES. Your plan would tend to deprive the American people of the opportunity to see these pictures, would it not?

Mr. TURNER. Your present proposed tariff would not deprive them of the opportunity because it is not large enough.

Senator JONES. But you want a larger tariff, do you not?

Mr. TURNER. We want a tariff so that our industry will not be taken to the other side. We don't want to be wiped out.

Senator JONES. In other words, you want a tariff raised to a point where the foreign picture will not be able to come in at all?

Mr. TURNER. No, sir; we want them to come in.

Senator JONES. If it does come in and is exhibited, how can you compete with that picture? The picture either takes the place of one of yours or it does not.

Mr. TURNER. We do not want to eliminate anything that is artistic.

Senator JONES. If you assume that it comes in here and is going to be exhibited to the American people, and they are to have the opportunity to see it, how does it affect your business?

Mr. TURNER. It means one picture more that we do not make in this country.

Senator JONES. But you say it is going to come in.

Mr. TURNER. I have answered the question only partially. I do not want to destroy things that are artistic in this country, but if they are made abroad for one-tenth of what we can make them for here, they could be brought in under a heavier duty and produce more revenue. If a man has to put up $30,000 or $40,000 in order to bring a picture into this country, he will do it, but he will not do it in as many instances as if there were no tariff at all.

Senator JONES. Your point is to exclude as many as possible?

Mr. TURNER. Not exactly.

Senator JONES. Is that your purpose?

Mr. TURNER. Our purpose is to exclude all except those that have artistic value. They will be sold to the American public. Remember, they have salacious pictures. They make pictures that can not be shown in this country. They do not cater only to beauty.

Senator SMOOT. They have to pass the censors, do they not?

Mr. TURNER. I wish they did.

Senator SMOOT. Well, under this bill they do.

Senator CURTIS. In a number of States they have no censors.

Senator SMOOT. But under the bill itself they have to.

Mr. TURNER. I want to add one thing on the question of revenue. These 54 pictures, for instance, that I have referred to several times, will average 5,000 feet, we will say. That makes approximately 2,700,000 feet. Now, your total revenue that you got from those pictures was $8,100. That is all that you got. The intake of those pictures—and I have made it so low that nobody can quibble about it—is $13,500,000. The American cost of those pictures—I am making a rough guess and am still giving you the benefit of the doubt—

is $6,750,000. That would be the cost in this country. If we add 50 per cent tariff to that, we would receive from those 54 pictures alone $3,375,000 instead of——

Senator WATSON (interposing). Under 50 per cent, would they all have come in?

Mr. TURNER. No, sir; under the 50 per cent rate they would not all have come in. I do think, however, a large percentage would have come in. I can give you the returns from a number of them. They gross over $200,000.

Now, I do not know what is going to be done about the American valuation, but there is one thing sure, and that is that no matter what is done with other industries, if you want the film industry to stay in this country, you have got to base your tariff on the American valuation in this instance, because you can put 1,000 per cent on the foreign value and it will not do any good.

Senator McLEAN. If we put on a tariff that will half equalize the difference in cost, you are willing to take your chances, are you not?

Mr. TURNER. Yes, sir; we will have to take our chances.

Senator CURTIS. I submit that Mr. Turner should file a brief and lay these facts fully before us.

Senator SMOOT. Yes, it would be well to do that.

How many more witnesses are there on this film question?

Mr. EMERSON. I should like to speak.

Senator SMOOT. We have been on this question for two hours. We have a list here which is quite a long one and which we want to finish to-day. We can not hear everybody to-day and get through unless you pool your issues.

Mr. EMERSON. There are only one or two of us in opposition to this, and I think that we should have a chance.

STATEMENT OF PAUL M. TURNER, REPRESENTING ACTORS' EQUITY ASSOCIATION.

AN AD VALOREM DUTY BASED UPON AMERICAN VALUATION IS NECESSARY.

Paragraph 1451 of the Fordney tariff act provides for a duty of 30 per cent ad valorem upon film negatives or positives "imported in any form for use in any way in connection with motion picture exhibits."

Application is hereby made for an increase in this duty to 60 per cent ad valorem.

Manufacturing costs in Germany, Italy, France, and England are so very much lower than in this country and there is such a very wide variation in the cost of making negatives that neither a specific nor a footage tax will be feasible or equitable.

Manufacturing costs in the United States range from $10 per foot, or $50,000 for an ordinary five-reel feature of 5,000 feet, to $60 per foot in case of a superspecial.

Abroad the average cost varies according to the country, but an approximate average is less than $2 per foot, or $10,000 for a completed 5-reel feature, and less than $50,000, or less than $10 a foot, for a superspecial.

The average cost of such a superspecial in the United States would not be less than $300,000.

It is apparent from these figures that not only is an ad valorem duty necessary, but it must be based upon an American valuation.

A 60 per cent ad valorem duty based upon foreign value is, under usual circumstances, only equivalent to a duty of approximately 10 per cent based upon American valuation.

STATISTICS RELATING TO THE MOTION-PICTURE INDUSTRY IN THE UNITED STATES.

The admission fees annually paid to see motion pictures exceeds $750,000,000.

The estimated investment in the making of motion pictures and accessories (such as electric lighting, building of sets, transportation, costuming, etc.) is $250,000,000.

Mr. Saul F. Rogers, representing the producers before the Senate Finance Committee, stated that the number of people directly or indirectly dependent upon the industry exceeds 250,000. We concur in this.

The number of motion-picture houses is approximately 18,000.

Story films (as distinguished from comics, news reels, etc.) of importance are divided into three classes: (1) Ordinary feature films, about five reels in length, costing between $50,000 and $80,000. These comprise in number more than three-fourths of the output; (2) specials, featuring leading actors, or of a spectacular nature, costing from $100,000 to $250,000; (3) superspecials, such as "The Birth of a Nation," costing from $250,000 to $750,000 each; in this class of films a large number of people, often as many as 5,000, are employed.

The principal producing centers are California and New York. Until about a year ago the investment of several million dollars in a half dozen or more studios at Fort Lee, N. J., was being used, but there is practically no output from there at this time.

The annual production of feature films of the above classes is approximately 750.

The principal divisions in the industry are: (*a*) Producers, (*b*) distributors, (*c*) exhibitors.

In production the principal employees and contributors are authors, scenario writers, directors, actors, electricians, scenic artists, camera men, scene and set builders, and many specialists in matters of detail.

The large producers are few, less than a half dozen in number, and nearly all of them are also distributors, and in addition to being producers and distributors, own or control a large number of theaters for exhibition purposes.

LABOR DOES NOT RECEIVE MORE THAN A LIVING WAGE.

While it appears that in Germany, Italy, and France average five-reel pictures, including specials and superspecials, are being manufactured at from one-tenth to one-third the cost in the United States, yet the annual earnings of fully 96 per cent of those employed in making motion pictures in the United States are no more than, and in many cases less than, a living wage.

Figures regarding the actor illustrate the situation: Over 80 per cent are employed by the day, and, figuring high, receive an average of $7.50. Again, figuring high, these workers in normal times receive less than 26 weeks' work per annum. The best available survey shows approximately 23 weeks. In any event, the average wage in normal times is $3.75 per day or less.

Approximately 16 per cent employed by the day or week receive from $8 to $16 per working day and average during the year approximately half-time employment, making the average wage from $4 to $8 per day. Among the 4 per cent remaining are included the well-advertised stars, a large percentage of whom are employed upon a profit-sharing basis, their compensation being dependent in whole or in part upon the success of the picture.

This latter class will be least affected by any transfer of production from the United States to Europe, as a large percentage of these will be employed wherever production is made. The smaller actors, electricians, scenic artists and scene builders, carpenters, etc., who have devoted themselves to motion pictures as a specialty, will be most affected.

DECLINE IN PRODUCTION—INCREASE IN IMPORTATION.

On the 1st of July, 1920, 145 companies were making plays in Southern California and 63 companies in and about New York. On the 25th of December, 1921, 61 companies were making pictures in California and 22 companies in and about New York. In other words, the decline in production, figured according to the number of companies employed, has been well over 60 per cent.

Since the armistice and prior to the 1st of January, 1921 (a period of over two years), not more than four foreign-made pictures were being exhibited in the United States. Between the 1st of January, 1921, and the 30th of December, 1921, at least 25 foreign-made pictures (over 75 per cent being made in Germany and the balance being divided among England, France, Italy, and Norway) were imported into and have been exhibited in this country. The names of the principal pictures are as follows: One Arabian Night, Passion, All For a Woman, Vendetta, Gypsy Blood, Deception, The Great Impersonation, The Bonny Briar Bride, The Golem, Cabinet of Dr. Caligari, Theodora, Our Mutual Friend, I Accuse, Carnival, Hamlet, Road to London, Blanchette, Mirarka, and The Polish Dancer.

A low estimate of the receipts from the above pictures is $250,000 each.

Practically the whole distribution has been made by the Famous Players-Lasky Corporation, the First National, Goldwyn, the United Artists, and Pathé Fréres.

The following foreign-made motion pictures are now being advertised for early release in the United States: Sultanas of Love, Alf's Button, Intrigue, The Call of Youth, The Red Peacock, John Forrest Finds Himself, Sir Arne's Treasure, Nero, Lady Godiva, The Orderly, The Last Payment, Indian Tomb, Mistress of the World, Pharaoh's Wife, King, Queen, and John, Dangerous Lives, The Ship, Possession, Bigamist, Sherlock Holmes, Judgment, L'Atlantide, Power of the Borgias, and Fabiola.

In nearly every instance these pictures are being released by the firms just named.

In other words, within the last 18 months American production has gone off over 60 per cent while foreign importation and exhibition has increased, more than 500 per cent, with the reasonable probability that the importations for the year 1922 will largely exceed those of 1921.

A very large percentage of the above pictures were made by German, French, Italian, and English firms, but among those advertised to be shown there are several made by American firms abroad. For instance, Mr. Fox made "Nero" in Italy. Had he made it here, he would have kept a large studio busy for a half year and given employment to several thousand people.

The pictures made by American firms abroad will continually increase, as some of the large concerns, like the Famous Players-Lasky, already have studios abroad, and others are arranging to purchase or build studios.

The reason the producers object to a tariff is because they now in large part do, and eventually intend to entirely, control distribution and exhibition, and thus be able to regulate the admission price, and therefore it is to their interest to manufacture cheaply abroad. The argument based upon expected foreign retaliation is without merit.

The Actors' Equity Association represents the workers in the motion-picture field. It respectfully submits that the specious and dust-throwing arguments of the motion-picture producers in this country against the imposition of a duty means one thing, and one thing only—that they, being few in number, and practically controlling among them not only production and distribution but also exhibition, have decided that at the proper time these controlling companies can get together and by mutual agreement and for mutual protection can and will control the price of admission in this country, and therefore that the producers are in a position where it is to their advantage to manufacture where it costs the least, even though this may mean the transplanting of a major part of the motion-picture industry to Europe.

The largest single concern, the Famous Players-Lasky Corporation, is already being proceeded against by the United States as a violator of the Sherman Act.

It must be remembered that switching the industry is a comparatively easy task. A studio is but four walls. It is easily convertible for other uses. Inside the studio the main equipment is the electrical equipment. This can be boxed and sent anywhere. The rest is negligible in amount and in value.

It is clearly apparent that if American producers had not made definite plans to go abroad they would fight for a tariff instead of against it.

The Government reports plainly show that the industry in Europe is coming back and coming back fast. A late trade report says that there are now in operation or preparing to operate 1,600 films companies in Germany alone, and that it is even now the second largest industry in Germany. Even though this statement be discounted 50 per cent it spells immediate and vital competition, and it is perfectly apparent that if the four or five leading producers-distributors-exhibitors who virtually control and practically own the industry in the United States had not decided to manufacture abroad they would be fighting this situation which is sure to come by every means in their power.

The argument advanced by them against the tariff that England, France, Italy, and Germany will retaliate is futile. Germany and France have already acted, and it is only common sense to assume that as each of the countries just named badly needs revenue they will, regardless of any action we may take, place a tax on our exports to them.

Moreover, it is perfectly apparent that these countries who have not acted have every motive to do so in order to furnish an incentive to their own manufacturers to rebuild a native industry, just as Germany has done.

From a revenue standpoint a 60 per cent ad valorem duty should yield the largest return. Even this percentage of duty will, with present manufacturing costs, permit of importation at a substantial profit.

A mere comparison of European and American manufacturing costs makes it apparent that a substantial ad valorem duty based upon American valuation is necessary to save the industry from going abroad.

The disproportion between such manufacturing costs is so large that it is not expected that even a duty of 60 per cent will prevent a large proportion of the industry from going to Europe.

Its effect will be to make the producer careful to import into this country only pictures especially suited for the American market.

An analysis of the figures makes it evident that once this fact of suitability is decided upon a 60 per cent duty is as readily leviable and will be as readily paid as a 30 per cent duty. For instance, "Deception" cost less than $30,000 to make in Germany. David Griffith estimates that it would have cost in excess of $500,000 to make in this country. Let us assume, however, that "Deception" cost $50,000 to make instead of $30,000. A 60 per cent duty based on $500,000 would be $300,000. Add to this the foreign cost of $50,000 and we have a total of $350,000 which the producer would pay to lay down the film in the United States as against a $500,000 cost here. In other words, a saving of $150,000.

Again, let us assume the case of a picture costing $20,000 to make in Europe and $100,000 in the United States. In such case the duty would be $60,000, the cost $20,000, and for $80,000 the producer owns a picture which would cost him $100,000 in this country, a saving of $20,000.

The revenue to be derived will be very large. Let us assume that with a 60 per cent duty two-thirds of the industry is saved to this country and only one-third goes abroad. Let us further assume that the annual consumption is 750 films, at an average cost of $75,000. This covers, of course, only feature films and has nothing to do with news reels, comics, educational and other features which go to make up a program. The total value of these is $56,250,000. One-third of this is $18,750,000, and 60 per cent of this is $11,250,000.

CONCLUSION.

It is not only unjust but impossible for American labor to compete with European labor upon the present 10 to 1 basis.

The men and women who work in the industry have spent many years equipping themselves for the work and have rendered valuable service in the creation and upbuilding of this industry, which is clearly entitled to be labeled "Made in America."

The employers—the producing class—should not be permitted to abolish this industry for purely selfish reasons. Neither should they be allowed to spend abroad for European labor and European materials the millions of dollars collected in admission fees in the United States without paying a substantial tribute to the United States.

The proposed tariff of 60 per cent will yield a substantial revenue, and at the same time afford a fair measure of protection to the workers in the industry, and should be allowed.

STATEMENT OF JOHN EMERSON, NEW YORK CITY, INDEPENDENT PRODUCER.

Mr. EMERSON. I should like to make it clear at the outset that I have no interest in the raw stock. I know nothing about it. It does not mean enough to me to count. I am interested solely in the finished product.

I am going to try to answer your questions as to why the producers are not interested in this tariff. I shall be very glad to answer any questions that you wish to ask because I have no secrets and want to be perfectly frank about it.

Mr. Rogers said that Mr. Griffith is the only independent producer who is in favor of the tariff. I am another. I want to say that there are other independent producers who are in favor of the tariff, but they do not dare to come here and say so.

Senator McCUMBER. Do I understand you to say that you are in favor of the tariff?

Mr. EMERSON. I am in favor of a high tariff.

I am speaking as an independent producer of motion pictures in America, with no financial interest in the importation of foreign films. The independent producers who (I say it with all modesty) have

always led the way in the artistic development of the motion picture, are finding it increasingly difficult to market their productions because of the ruinous competition of cheaply made foreign films.

Senator SMOOT. What do you want?

Mr. EMERSON: We would like what we can get.

Senator SMOOT. Well, what is it—50 per cent?

Mr. EMERSON. Fifty, but, better yet, 60.

The leading independent producer of America is and always has been Mr. D. W. Griffith, a man who has done more for the development of the motion picture than all the rest of us put together. Mr. Griffith had hoped to be able to attend this hearing and speak for himself, but, unfortunately, the hearing comes at a time when he is engaged in putting on his new picture in Boston, and he could not possibly be here. Last Saturday the secretary of his company telephoned me and told me that Mr. Griffith wished me to speak for him. He later sent me a letter. I may add that Mr. Griffith is thoroughly familiar with what I am to say to you and is in hearty accord with every word.

The other independent producers are also in favor of the tariff, but do not dare to say so.

Senator MCCUMBER. Why?

Mr. EMERSON. Because their pictures are distributed by these big corporations who are making the pictures in Europe, and they are opposed to it.

Mr. ROGERS. That is an unfair statement. The only dissenting view was expressed by——

Mr. EMERSON (interposing). I will tell you that every independent producer that I have spoken to has said that he is in favor of it.

Mr. ROGERS. That is an unfair statement.

Senator MCCUMBER. Just a moment, please. You were given an opportunity to testify and others will have an equal opportunity without being interrupted.

Mr. ROGERS. I beg the committee's pardon.

Senator MCCUMBER. The language which you used was improper language to be used before this committee. You have had an opportunity to speak, and the committee desires to accord that same opportunity to other witnesses, who should be courteously treated, not only by the committee but by all others in the room.

Mr. EMERSON. We are not asking you merely to adopt this schedule of the Fordney House bill, which provides for a 30 per cent tariff based on American valuation, but we are asking you, on behalf of 250,000 American citizens engaged in the production of motion pictures, that you should at least double that 30 per cent tariff, making it 60 per cent, or at least 50 per cent, on the American valuation. I do not come before you as an expert in economics. My training and experience have not been along that line, and it would be presumptuous of me to try to tell a committee of experts such as yourselves what the British Government or the French Government, or any other Government, is likely to do in retaliation in case America puts a tariff on foreign films. That is a matter, it seems to me, that we can safely leave to your superior knowledge, as you certainly know better than we do what has been the reaction of foreign Governments to our tariff legislation in the past, and what, therefore, it is likely to be in the future.

The mere fact that an interested individual or a group of interested individuals in England or France or anywhere else may have uttered certain threats, it seems to me, means very little, because, after all, the imposition of tariff duties is a governmental function. But it does seem to us simply common horse sense to assume that European countries are going to put a tariff on films whether we do or not, because they are all desperately hard up and are going to raise money from every possible source. They have already done it in France and in Australia, and to me it is ridiculous to assume that the action of these countries is to punish us for our misconduct in passing a tariff bill which hasn't yet been passed. At any rate, they have put the tariff on. It is a part of the law of these two countries, and they are not likely to take it off, even if you do not pass this bill, so what are we going to do about it?

As to the action of Australia in raising its tariff, that is a joke. It means nothing at all. They have raised their tariff, I am informed, from 1½d. to 3d. per foot of film, which means, of course, that the raise itself amounts to 1½d. per foot. Now, what does that amount to on a 5,000-foot feature picture? It amounts to exactly £31 5s., which equals, at the present rate of exchange, $128.75. Who cares a hoot about a tax of $128.75 on a feature film, the sales of which run into hundreds of thousands? If that is a sample of the retaliation they speak of, we needn't waste any sleep over that.

I wish to emphasize the fact that we are not asking for a prohibitive tariff. We welcome the better European films as providing a healthy artistic stimulus and competition. But we do ask a tariff sufficiently high to bring the cost of these imported films somewhere near what they would cost if made in America, and thus not only secure from these importations funds for the Government, but also protect from destruction this great industry which has been built up chiefly since 1914.

I have said that we do not seek a prohibitive tariff, and we do not. But if a tariff battle should by any chance ensue between America, on the one hand, and those foreign countries which produce pictures, on the other, I can not for the life of me see where they would have a possible chance to win, for the simple reason that the American market is more than four times greater than the market of all the other nations in the world combined. I have talked many times with the largest producers and distributors in this country, and I have never heard of a case in which their foreign sales amounted to more than 18 per cent of their total sales, and in most cases it is very much less.

The largest producing organization and the largest distributing organization in the world to-day is the Famous Players-Lasky Corporation. They also have a most complete and effective organization for the foreign distribution of their products. Naturally they are not spreading broadcast the details of their business, but I have it on what I consider very good authority that their total sales last year were around $37,000,000, while their foreign sales were around $4,000,000. So it is easy to figure out that their foreign sales amounted to 10.8 of their total sales. Now these figures may be challenged, but in that case I feel so confident of their approximate accuracy that I would suggest, if I may

so far presume, that an investigation on your part could very easily establish their truth or their falsity.

The whole point of my contention is simply this, that if all the markets of the world were cut off from American pictures, and if, in turn, the American market were cut off from foreign pictures—a condition, mind you, which I neither anticipate nor wish—but if by any chance it should happen, American producers with nothing but their American markets to draw from could still pay good, round, living American salaries to everybody concerned, and at the same time make for themselves a very handsome profit. I do not believe that statement can by any possibility be convincingly or successfully contradicted.

Of course, I do not believe that any such situation is ever coming to pass, because I take no stock in all this hysteria about retaliation.

As I see it, an adequate tariff will have two results and no more: First, it will raise funds for the Government, and, secondly, it will preserve to America at least a part of our industry instead of letting it be transferred bodily to Europe, a process which is taking place at the present time with alarming rapidity.

I hope that you will realize, gentlemen, that it is not the high-priced stars who are going to suffer by the destruction of the industry here. The producers will still deal with these stars because they need them. Nor will the highly paid directors be affected. It is the little fellows, the rank and file, the artisans and the work-people, who are being driven, more and more every day, out of employment. What many producers are doing to-day and what every one of us will have to do unless we have this tariff is to take an American director or an American star and go over to Europe to make our pictures. We shall employ European actors, scenic artists, carpenters, electricians, and all the rest of them, while all these classes in America will be thrown out of work.

Senator JONES. Do you think these pictures made over there would be as popular as the domestic pictures?

Mr. EMERSON. The proof of the pudding is in the eating, Senator. One picture ran 16 weeks at the Criterion Theater.

Senator JONES. How many pictures have been imported?

Mr. EMERSON. How many?

Senator JONES. Yes.

Mr. EMERSON. I should say four or five hundred, at a guess. The Famous Players Corporation said that they had about 200 pictures that were bad. They were German pictures and they could not use one. That may be true, but one came out named "Deception."

Senator JONES. Do you think it is the case that our people would go there and make the pictures?

Mr. EMERSON. I not only think they would, but they are doing it.

Senator JONES. Are they making that kind of picture?

Mr. EMERSON. I do not mean that they are making the bad pictures. They are making good ones.

Senator JONES. Perhaps I misunderstood you.

Mr. EMERSON. "Theodora," for instance, had a run of about 12 or 13 weeks. "Hamlet" had a run at the Astor Theater for weeks. "Passion" ran for weeks and broke all records. "Deception" ran for 4 weeks at the Riviera, breaking all records.

These German pictures have smut in them which won't go in America. They bring them over and they get clever men who retitle them and fix them up and make them fit for American consumption. They sell them for fortunes in this country and the importers get the money. The Government gets nothing. The American workman, of whom there are 250,000 in the motion-picture business, is being thrown out of work.

This, gentlemen, is not a prediction as to what may happen; it is happening to-day. The Famous Players-Lasky organization have a studio in London, another in Berlin, another in India, and, I understand, they are planning one in France. They have engaged the German director, Ernst Lubitch, and are bringing him to America for six weeks to study the latest improvements in American production, so that he can then go back to Germany and make pictures which will have even a better sale in America than those he has sent over here already; and he will make them with German actors receiving from 4 cents a day up, and not very far up, either.

Senator JONES. Four cents a day?

Mr. EMERSON. Yes.

Senator JONES. Well, at 4 cents a day he will not last very long.

Mr. EMERSON. Yes, he will; because he is getting 8 marks which, normally, means $2. The same man in America is paid $7.50 for the same work, and the other salaries are in proportion.

Senator JONES. I still think that the 4-cents-a-day man will starve to death before he competes with you in this country.

Mr. EMERSON. No; because 4 cents means 8 marks.

Senator JONES. That does not amount to anything, even in Germany.

Mr. EMERSON. In Italy you can get an extra man for 40 cents a day, American money.

Senator JONES. That may be the fact, but it is also the fact that, in my judgment, that a 4-cents-a-day man can not last very long.

Mr. EMERSON. As the exchange situation improves, the situation generally will improve.

In England and France the Famous Players did not find any good directors, so they sent over American directors to make their pictures, with European actors, scene painters, carpenters, electricians, and all the rest of them, the cost of the pictures, of course, being but a fraction of what they would cost in America.

Meantime the Famous Players' studio in New York is closed, and their Los Angeles studio, which a year and a half ago was working 10 companies, is to-day working 3. European actors and workmen are getting employment and the Americans are walking the streets, or are out of work.

Mr. Fox is doing exactly the same thing. He sent his best director, Mr. Edwards, to Rome, where he has just completed a picture called "Nero," and is just now about to start another, to be followed, undoubtedly, by another and another and another. Meanwhile the activities of the Fox studio in New York have been reduced from 6 companies to 3, and in Los Angeles from 12 companies to 4. And that brings us, gentlemen, to the milk in the coconut. You are confronted here by an anomalous situation which you must have noted.

One of the Senators asked why are these producers not here to speak for this tariff. I will tell you why. Here we are asking for a tariff on foreign films, and the big producers of the country are not with us. Now, why? There is a good reason, and it is not far to seek. It is simply that the big producers have made up their minds to shift the industry to the place where they can produce at the lowest possible cost and then bring their products back here where they can sell at the highest possible price. You might remember, gentlemen, that the distribution of pictures in America is concentrated in the hands of a very small number of distributing organizations, nearly all of which are controlled by the same big producers who are opposing this bill. Among them they practically control the theaters of this country, and they consequently can almost dictate the prices at which their pictures shall be sold.

What has been the effect so far upon the industry in America? It is about a year and a half since the effect of this foreign invasion began to be felt. So, I should like to give you some comparative figures as to the condition of the industry a year and a half ago and to-day.

In New York a year and a half ago 61 companies were working. To-day but 22 companies are at work.

In Los Angeles a year and a half ago 147 companies were working, while to-day but 61 companies are working. The total number of companies working a year and a half ago in New York and Los Angeles was 208, while to-day they number but 83.

Senator JONES. What is the percentage of exportations of these pictures, about 15 or 18 per cent?

Mr. EMERSON. Not possibly more than 18 per cent.

Senator JONES. What is the percentage of pictures imported?

Mr. EMERSON. I have not figured the percentage, but the point is this, if I may say so, that the exportation, as against years of importations, has just begun, so that the percentage would not be a fair one in any case.

Senator JONES. The point I want to make is this, that if these people export 18 per cent of their product, how are they going to get paid for 18 per cent of their product unless we import some?

Mr. EMERSON. I do not quite follow you.

Senator JONES. How are these people who are exporting going to get paid for their exports unless we import something?

Mr. EMERSON. We have no objection to importing something. All we ask for is a tariff which will bring the cost of the imports somewhere near the American costs. That will decresse the importations, of course.

Senator JONES. Don't you hope to exclude a lot of these pictures?

Mr. EMERSON. A lot of them should be excluded.

Senator JONES. And isn't that stopping importation?

Mr. EMERSON. Certainly. Doesn't any tariff stop importations?

Senator JONES. I think it does, but I understood you a moment ago to leave the inference that you did not want to exclude them. Did you want me to draw that inference?

Mr. EMERSON. I said that I did not ask for a prohibitive tariff, but that the good ones would——

Senator JONES (interposing). But you want to keep a lot of them out?

Mr. EMERSON. Yes, sir.

Senator JONES. How are these people who export 18 per cent of their product going to get paid for it?

Mr. EMERSON. They exported that same 18 per cent when there was not a picture made in Europe.

Senator JONES. It is a pretty hard job to keep up the export trade.

Mr. EMERSON. I tried to make it clear that if it comes to that the American market is sufficient to supply this country.

Senator JONES. You want to confine these people to the American market?

Mr. EMERSON. No, sir.

Senator JONES. Would you not by doing that throw out of employment the very people for whom you pretend to be pleading?

Mr. EMERSON. In the first place, we would be affected only by those countries which make the pictures, which are comparatively few.

Senator JONES. Three of them?

Mr. EMERSON. Yes; France, Italy, and Germany; that is, assuming that they are going to retaliate.

Senator JONES. Those countries want wheat, corn, oats, and products of that kind, do they not?

Mr. EMERSON. Yes, sir.

Senator JONES. How are they going to compete unless they can send something to this country?

Mr. EMERSON. I understand what you mean, but we do not want them to compete to the extent of destroying the industry.

Senator JONES. Some of these gentleman say that it is not going to destroy the industry.

Mr. EMERSON. Who says so?

Senator JONES. One of the gentlemen who spoke said so.

Mr. EMERSON. Then how does he account for the fact that 60 per cent has already been destroyed? He belongs to one of those classes.

Senator JONES. They make these pictures here to-day, do they not?

Mr. EMERSON. They make them cheaper over there than they can here.

Senator JONES. If this country gets pictures and we are able to exchange some wheat and some corn and some beef and cotton for those pictures and our people are not hurt——

Mr. EMERSON (interposing). But they are hurt. Sixty per cent of them are out of employment now.

Senator JONES. They say they are not.

Mr. EMERSON. But I can prove it. He said his activities have been reduced 60 per cent.

Senator JONES. But that has not been caused by these importations.

Mr. EMERSON. Very largely, sir, by these importations.

Senator JONES. How many pictures have come in from abroad?

Mr. EMERSON. I think I can tell you fairly accurately. The general concensus of opinion among distributors is that the business has fallen off 30 per cent this year from normal.

Senator JONES. I think a great many businesses have fallen off much more than that.

Mr. EMERSON. But the production activities have fallen off 60 per cent, whereas the other is 30 per cent. It must be because of foreign importations. Of course, I am assuming that you want to protect the American industry. If you do not want to, I have nothing further to say.

Senator McCUMBER. Your 10 minutes have run to 20. Will you close quickly?

Mr. EMERSON. I am very sorry. I can stop now, if you wish it.

Senator McCUMBER. No; you may conclude.

Mr. EMERSON. I was referring a moment ago to the effect upon the industry in America. This result has come about in one year and a half since the importation of foreign films began. In other words, 60 per cent of the industry in this country has been wiped out in one year and a half.

It may be claimed that a large part of this decrease in production is due to hard times, and undoubtedly a large part of it is, but not nearly so much as you might suppose. The motion-picture business is peculiar. It is not affected in the same way as the clothing business, for example.

In hard times a man will wear an old suit or overcoat another year, although it may be a little shabby. Consequently, consumption of and demand for clothing are lessened. Not so with the pictures. The demand for pictures to-day by the theaters which exhibit them is by no means 60 per cent less than it was one and one-half years ago, because comparatively few theaters have closed. The exhibitors are making less money than they made two years ago, but they have to have pictures to keep their houses open, and you can bank on it that they are not using anything like 60 per cent fewer pictures than they used a year and a half ago. And yet the number of pictures made in this country has decreased 60 per cent in a year and a half.

A similar situation prevails in the theater to-day; that is, on the speaking stage. As far as patronage is concerned, there is the worst season the theater has known for 20 years. And yet more plays have been produced in New York this season so far than were produced in a similar period last season or the season before, which were banner seasons. They must keep their theaters open, and so must the proprietors of the motion-picture theaters, and to keep them open they must have pictures. To be sure, they can occasionally ring in an old picture which they can get cheap, but let them do that 60 per cent of the time, or 50 per cent or 40 per cent of the time, and see how long they will hold their patronage. They do not dare do it. They must have new pictures. And yet production has decreased 60 per cent in a year and a half.

Will the importation of cheap foreign films lower the prices of admission to the public? I think not, and for the very reason that the men who are making the pictures abroad or are bringing the cheap foreign-made pictures, are the men who virtually control distribution in this country and so have the power to keep prices to the highest notch that the traffic will bear.

During the past years dozens of these European pictures bought or made at a ridiculously low cost have been distributed and shown in

every theater of any consequence in this country, but I have yet to learn of a single instance where a lower admission price was charged for these pictures than for the costly American products.

Senator CURTIS. Some of them have increased the price.

Mr. EMERSON. Yes.

The public has not profited, the exhibitors have not profited, but the men who have brought these pictures into this country and distributed them have made millions. It has been very fine for them, but rather tough on everybody else concerned, including the Government, which means the taxpayers.

Senator JONES. How are they affected by domestic production, if it does not result in reducing the price of admission, except by the exclusion of these pictures altogether?

Mr. EMERSON. It seems to me so obvious. If we have, for instance, in New York, we will say on Broadway, five high-class motion-picture houses, they must change their pictures once every week. That means that they must have a picture every week. If a picture comes from Germany and plays at the Capital Theater, for instance, and we make a picture, it can not play there that week. I am not advocating the entire destruction of competition.

Senator JONES. It seems to me that the cost of pictures is, after all, a very small item. It is rather a question of the desirability or attractiveness of the picture which controls the last analysis.

Mr. EMERSON. That controls the receipts in the last analysis to a very large extent. But they can make as attractive pictures as we can. The good ones are as good as ours are.

So, gentlemen, we beg of you, if it is a possible or practicable thing, to investigate this matter, to look up the comparative costs of pictures here and abroad, and then to ascertain the average selling price of pictures in this country, for we honestly believe that the results of such an investigation will be that you will conclude that the greatest revenue will accrue to this country as well as the greatest protection to our industry here by raising this tariff from 30 per cent to 60 per cent, or at the very least 50 per cent, on the American-valuation plan.

STATEMENT OF SIEGFRID F. HARTMAN, REPRESENTING THE UNIVERSAL FILM MANUFACTURING CO.

Mr. HARTMAN. Mr. Chairman and gentlemen, I represent the Universal Film Manufacturing Co., one of the largest manufacturers and producers of motion pictures in this country. It was stated to-day by Mr. Turner that the company which I represent purposed to proceed to Germany for the purpose of making motion-picture films in this country. I am in a position to state that that is not an accurate statement of the facts. The Universal Film Manufacturing Co. has an investment in this country of over $6,000,000 in plants and equipment, located mostly in the West, and some of it in New Jersey. That plant and equipment is now being utilized at pretty nearly its full capacity in the production of motion pictures. We are not afraid of foreign competition. We do not want any tariff on finished motion-picture negatives, simply because we do not wish to face retaliatory legislation, which we feel certain we will have to meet in connection with a high tariff on finished motion-picture negatives.

Our experience is that the receipts that we derive from our foreign exploitation of films represent our profit, and if the foreign markets are cut off our profit will be gone.

Senator SMOOT. Whom do you represent?

Mr. HARTMAN. The Universal Film Manufacturing Co. Thank you very much.

MOVING-PICTURE FILMS (UNEXPOSED).

[Paragraph 1451.]

STATEMENT OF CHARLES H. COLE, SHARON, MASS., REPRESENTING THE MOVING-PICTURE FILM INDUSTRY.

The CHAIRMAN. Will you go ahead and make your statement?

Mr. COLE. In compliance with the request of the committee to have those industries that are taking the same position on items of the tariff represented by one spokesman, I have been selected to represent the Ansco Co., of Binghamton, N. Y.; the Bay State Film Co., of Sharon, Mass.; the Eastman Kodak Co. and the Powers Film Products (Inc.), both of Rochester, N. Y., all manufacturers of moving-picture film, sensitized but not exposed or developed. I am, with your permission, filing briefs with your committee for these four companies to-day.

Moving-picture film sensitized but not exposed nor developed is now on the free list under the present tariff act. Under House bill 7456, paragraph 1451, a duty of 20 per cent ad valorem, American valuation, is imposed on moving picture films. We urge that this duty is not high enough even to cover the difference between the price at which foreign film is sold in this country and the actual cost of making American film, and of course the cost of making foreign film is necessarily lower than the selling price.

At the time when the arguments in favor of a duty on moving picture film were presented before the House in the early part of the year a less amount of protection was requested than we now ask. Since that time the rate of exchange and further evidence of lowering foreign cost of production, have made it necessary for us to ask for the additional protection that we now do.

We would therefore urge the committee to impose a specific duty of not less than three-quarters of a cent per foot on positive film and not less than 1¼ cents per foot on negative film.

Senator SMOOT. Is that per square foot?

Mr. COLE. That is per linear foot. If this specific duty is not imposed we request and urge an ad valorem duty of 35 per cent American valuation. If the bill is passed on the basis of foreign valuation we would ask an ad valorem duty of 50 per cent.

If a specific duty is imposed, all uncertainty as regards cost will be removed and both the importer and the American manufacturer will know exactly where they stand.

Moving-picture film is produced by coating celuloid pyroxilin with photographic emulsion. To manufacture a satisfactory product of uniform standard and quality requires special plants and machinery of expensive construction as well as long experience and technical

skill of the highest order. Approximately 90 per cent of all film sold is positive and 10 per cent is negative.

This industry is essentially American, created by the genius of Americans, and its supremacy here should be maintained; but to do this, the basic patents now having expired, will require the duty we advocate.

On January 1, 1921, there were five manufacturers of moving-picture film in the United States, namely: Ansco Co., Binghamton, N. Y.; Bay State Film Co., Sharon, Mass.; Eastman Kodak Co., Rochester, N. Y.; Eagle Rock Film Co., Eagle Rock, N. J.; Powers Film Products (Inc.), Rochester, N. Y. The two last-mentioned plants have been closed for some months because of foreign competition.

The total investment of American film manufacturers for plant and equipment not suitable for other purposes represents an aggregate of approximately $50,000,000.

We believe it is absolutely necessary that the duty we ask be imposed as evidenced by the following facts:

(*a*) The cost of production to the American manufacturer is $1.92 per hundred feet. This is based on the actual figures for the first 11 months of 1921 as taken from the books of the Bay State Film Co. of Massachusetts as follows:

Celluloid per hundred feet celluloid (film base)	$1.00
Silver nitrate, gelatin, and other chemicals	3.12
Labor and manufacturing expense	.51
Overhead	.10
Total	1.9322

This total does not include any allowance for depreciation or return on invested capital.

These figures include average wages to employees of $4.80 per day.

The present selling price of American positive film is $2.25 per hundred feet.

(*b*) As against the American cost of $1.92 per hundred feet the selling price of Agfa (German film) in Germany is from 92 cents to $1 per hundred feet. This includes the manufacturer's profit, therefore the cost of production must be less.

(*c*) The following letter from an American consumer is submitted as proof of recent prices of German-made film:

210 FIFTH AVENUE, NEW YORK CITY,
September 19, 1921.

BAY STATE FILM CO., *Sharon, Mass.*

GENTLEMEN: Replying to your letter requesting information regarding prices on foreign film stock.

In June, 1921, my representative, Mr. Milton P. Schreyer, purchased for me in Berlin 1,000,000 feet of Agfa moving-picture positive film at a price in marks equivalent, at the then prevailing rate of exchange, to 97 cents per hundred feet. The total cost to me of this film, all exports duties and other expenses paid, landed in New York, was $1.31 per hundred feet.

About a month later my representative in Berlin was offered a contract covering a large quantity of Agfa film at a price equivalent to 1 cent per foot, f. o. b. German port.

Yours, very truly, VICTOR W. GORDON.

(*d*) As additional support of cost figures of foreign film I submit: As additional support of the cost figures on a foreign film, I submit Exhibit A, copy of invoice dated September 23, 1921, showing 249,490 feet of German film sold to the Powers Film Products (Inc.) at 1.01 marks per foot. On that day the mark was $0.0093, which should make the price of this film in American money 94 cents per hundred feet laid down in New York City, all cost, transportation, and export duties paid.

EXHIBIT A.

Invoice of Omnia Import Corporation, 261 Broadway, New York City.
To Powers Film Products (Inc.), 1600 Broadway, New York City.
Seven cases containing positive motion-picture film stock, not perforated, 249,490 feet, at 1.01 marks, 251,984.90 marks.
One and one-hundredth marks per foot at the rate of exchange September 23, 1921, namely, 0.0093 per mark, equals 0.0094 per foot, or 94 cents per hundred feet.

CENTRAL UNION TRUST CO.,
New York, December 6, 1921.

POWERS FILM PRODUCTS (INC.),
New York City.

GENTLEMEN: As requested by telephone to-day, we are giving you below our average selling rate for marks, in check on Berlin on the dates mentioned: September 23, 1921, 0.0093 per mark; November 7, 1921, 0.0035¼ per mark; November 17, 1921, 0.0038¾ per mark.

Yours, very truly,

E. HENNESSY, *Assistant Treasurer.*

I also submit Exhibit B (omitted), letter from James H. White, of New York City, formerly an agent for foreign film, dated September 23, 1921, in which he states that he is quoted a price on German-made positive film landed in New York at $1.20 per hundred feet.

I also submit Exhibit C (omitted), quotations of Agfa film in Germany from 1913 to date with equivalent cost in American money. They run from $2.61 per hundred feet in 1913 down to $0.825 per hundred feet on October 10, 1921.

(*e*) Furthermore, the American manufacturer is at a tremendous disadvantage with the foreign manufacturer, because he now has to pay a duty of 40 per cent on the celluloid base, which comprises 75 per cent of the total cost of the materials that enter into the manufacture of the film. This amounts to 40 per cent per hundred feet of film under the present tariff act, and under House bill 7456 the duty would amount to 50 cents per hundred feet of film (American valuation). As roll celluloid, it is subject to this duty, but by coating it with a photographic emulsion it is allowed to come in free, a great injustice to us, if we are not given an equivalent duty on film.

(*f*) I would also call your attention to the brief of J. E. Brulatour, of New York City, who while acting as selling agent for French film in 1910 was able to import this French film, pay the 25 per cent duty in effect at that time, and then made handsome profit of one-half cent per foot.

As evidenced that the importations of foreign films is increasing by leaps and bounds under the present free list, I submit the following figures showing the actual imports into this country of foreign unexposed film according to the Government record [reading]:

Estimated value of imports of unexposed films.

Fiscal year ending June 30, 1919, 21,201,874 feet	$424,000
Fiscal year ending June 30, 1920, 46,485,434 feet	920,000
Fiscal year ending June 30, 1921, 134,118,621 feet	2,680,000
Month of July, 1921, 13,990,500 feet	272,000
Month of August, 1921, 15,124,600 feet	221,000
Month of September, 1921, 19,360,100 feet	454,000
Month of October, 1921, 23,828,100 feet	397,000

The CHAIRMAN. Would there not be a natural demand for many of these foreign films on account of the subject of the pictures?

Mr. COLE. This is unexposed film, not the exposed film. This is purely a manufacturing proposition.

The CHAIRMAN. I did not know whether you also included in your observations the exposed film.

Mr. COLE. No, sir; I only represent the manufacturers of the unexposed film, which has nothing to do with the pictures at all.

The importations for the first four months of 1921 have been at the rate of 216,906,000 feet per year, with a value of more than $4,000.

The rate of importation for these first four months shows a gain of more than 63 per cent over 1920–21 of more than 400 per cent over 1919–20 and more than 1,000 per cent over 1918–19.

These facts relative to cost of manufacture and prices here and abroad demonstrate that it is impossible for us to continue business in America unless protected by a duty offsetting to a large extent the lower cost of manufacturing foreign film.

The great danger confronting the American film manufacturer to-day is that the great German Chemical Trust, which owns the Agfa Film Co., will virtually acquire the entire American market for unexposed film and dominate the motion-picture industry, now the fourth largest industry in the United States, unless the industry is protected by the duty we request.

The amount of protection which we ask is barely enough to bring the selling price (not the cost price) of the German-made product up to our own cost of manufacture. If a duty of three-quarters of a cent per foot on positive film is imposed, the German-made film can still be sold in this country with a profit at a price no higher than the present American cost of production.

I submit Exhibit D, copies of invoices sworn to by American consuls, showing prices at which foreign-made unexposed film is sold in other countries:

	Per hundred feet.
Agfa German film sold in France	$1.67
Agfa German film sold in Italy	1.65
Agfa German film sold in England	1.24
Pathe film (French) sold in France	1.54
Gevart film (Belgium) sold in France	1.67

American manufacturers can not compete with these prices and American-made film has already been driven out of the countries referred to. I would emphasize the fact that these prices are not the cost prices, but the selling price, which includes both export and import duties, selling and transportation costs, in addition to profits. The profits must be very large in France and Italy, as the prices there are 30 to 40 cents per hundred feet higher than in England, which is a

further testimony to the fact that German costs are so low they can meet any price that may be made by their competitors.

In urging this specific duty of three-fourths cent per foot on positive film and 1¼ cents on negative film, we are not asking for a duty that will exclude the foreign-made product. Even free-trade Great Britain imposes a specific duty of two-thirds cent per foot on all positive film at the normal rate of exchange.

In closing may I point out that we are not dealing with something that may happen, but with something that has already happened. Two American manufacturers have already closed down. American film has already been imported in quantities sufficient to supply one-third of the consumption in America, and at the present rate of increase will soon supply all the film used in this country. We are only asking enough protection to enable us to fairly compete with foreign film in our own market. Surely American manufacturers paying American standards of wages and American costs for raw material are entitled to this protection against foreign-made film paying foreign prices for materials and labor, and especially in these abnormal times, with the exceedingly low rate of German exchange.

Since preparation of my statement there has been issued by the Secretary of Commerce, Mr. Hoover, a statement on moving-picture films. In Mr. Hoover's statement my figures are corroborated, and I would respectfully ask to submit that as a part of the record of my statement here to-day.

Senator CALDER. The matter he refers to now was a report by the Secretary of Commerce in compliance with Senate resolution and has not been printed in the proceedings of the Senate or made a Senate document.

The CHAIRMAN. It has not been printed?

Senator CALDER. It has not been printed or made a Senate document. I think it is appropriate that it should be printed here.

The CHAIRMAN. Has it been printed by the department?

Senator CALDER. No; but they released it.

Mr. COLE. It is a multigraph copy, which was all I was able to obtain yesterday.

The CHAIRMAN. Do you want the whole of it printed?

Senator CALDER. I think it is pretty important that it should go in.

The CHAIRMAN. Now, Senator Calder asks it, but it would not seem exactly regular for this committee to be printing reports of the department.

Senator CALDER. It deals with this subject.

(The report of the Department of Commerce is as follows:)

DEVELOPMENT OF THE MOVING-PICTURE INDUSTRY ABROAD AND EXTENT OF IMPORTATIONS INTO THE UNITED STATES.

The imports of motion-picture film into the United States have increased enormously in both quantity and value in the last 10 years, says the Department of Commerce. Imports have expanded from 11,725,000 feet, valued at $685,000, in 1911, to 150,000,000 feet, valued at more than $4,000,000, in 1921. In the years 1911 to 1914 the expansion was rapid, and in 1914 our import amounted to 64,774,000 linear feet of film worth $2,302,000.

Two classes of film are imported:

(1) Exposed, which includes:

(*a*) Positives, the finished film ready for projection.

(*b*) Negatives, the exposed film from which the projection positive is made.

(2) Unexposed, which includes only one class sensitized but not exposed film commonly called raw film.

As far as the motion-picture industry is concerned, the exposed film is the more important. Raw film imports compete with the domestic production of photographic goods rather than with the production of motion pictures. The value of a foot of raw film is but a small fraction of the value of a foot of exposed film. Exposed film in quantity in recent years has been less than one-tenth of our total import, except in 1919, when it was approximately one-sixth, but in value it has ranged from one-third to one-half of the total value. In 1919, for example, imports of 13,747,000 feet of raw film were valued at $283,000, but 2,920,000 feet of exposed film were valued at $500,000.

TABLE 1.—*Imports of motion-picture film into the United States, fiscal years ending June 30, 1911–1921.*

[From Foreign Commerce and Navigation of the United States.]

Year.	Total.		Exposed.		Unexposed.	
	Amount.	Value.	Amount.	Value.	Amount.[1]	Value.[1]
	Linear feet.		*Linear feet.*		*Linear feet.*	
1911	11,725,000	$685,000	11,725,000	$685,000	.....	.....
1912	14,275,000	1,004,000	14,275,000	1,004,000	.....	.....
1913	15,674,000	1,331,000	15,674,000	1,331,000	.....	.....
1914	64,774,000	2,302,000	20,047,000	1,412,000	44,717,000	$890,000
1915	72,192,000	1,639,000	10,789,000	671,000	61,402,000	968,000
1916	65,998,000	1,232,000	7,507,000	482,000	58,491,000	750,000
1917	58,130,000	1,478,000	5,835,000	675,000	52,294,000	802,000
1918	51,551,000	1,082,000	4,088,000	343,000	47,463,000	739,000
1918 [2]	27,977,000	713,000	2,268,000	293,000	25,709,000	420,000
1919 [2]	16,667,000	783,000	2,920,000	500,000	13,747,000	283,000
1920 [2]	106,062,000	2,631,000	6,233,000	933,000	99,829,000	1,698,000
1921 [2]	130,349,000	3,397,000	7,375,000	1,060,000	122,975,000	2,337,000

[1] Figures not available prior to 1914.
[2] Calendar year.
[3] Nine months ending Sept. 30.

Total film imports have increased in both quantity and value to more than twice the highest prewar figure, but the increase is due to the growth in the import of raw film. In 1914 we imported 44,717,000 feet of raw film, and the 1921 September figures indicate that the import for the year will be in excess of 130,000,000 feet, or about three times the 1914 figure. Our imports of exposed film, however, have shown a decrease, and for 1921 they will apparently be about half as large as in 1914. During the war imports fell from 20,057,000 feet in 1914 to the low mark of 2,267,975 feet in 1918. Recovery since 1918 has been rapid, imports increasing in 1920 to 6,233,000 feet, and for 1921 will probably be approximately 10,000,000 feet. The total value of this exposed film is likely to be about the same as in 1914, the price of film, like prices of other commodities, having changed.

Significance of imports.—During the war the development and expansion of the American motion-picture industry proceeded with great rapidity. Imports of exposed film declined and the effect of foreign competition in the domestic field became less important. Exports of exposed film increased from 32,192,000 feet in 1913 to over 150,000,000 feet in 1919.

TABLE 2.—*United States exports of motion-picture film, fiscal years ending June 30, 1913–1921.*

[From Foreign Commerce and Navigation of the United States.]

Year.	Exposed.	Unexposed.	Total.	Year.	Exposed.	Unexposed.	Total.
	Linear ft.	*Linear ft.*	*Linear ft.*		*Linear ft.*	*Linear ft.*	*Linear ft.*
1913	32,192	80,035	112,227	1918	84,547	57,995	142,542
1914	32,690	155,360	192,050	1918 [1]	79,888	71,549	151,437
1915	35,987	115,067	150,054	1919 [1]	153,237	120,042	273,279
1916	158,752	72,299	231,051	1920 [1]	175,233	62,915	238,148
1917	128,550	49,486	178,036	1921 [2]	111,585	31,015	142,600

[1] Calendar year.
[2] Nine months ending Sept. 30.

In 1920 our exports of exposed film were 175,233,000 feet, which is more than five times the highest prewar figure. For the present year the total export will probably be somewhat less than in 1920.

There are no official figures on the domestic production of motion pictures with which import figures can be compared. But as compared with our domestic exports of exposed film imports are of relatively small importance. Even for the current year, in which imports have increased and exports decreased, the import will probably be only 10,000,000 feet, while exports will be at least 140,000,000 feet. Since many of the pictures sent to this country by foreign producers are not saleable and are never shown before American audiences, the figures for the import of exposed film are of slightly less significance than they at first appear. Further, in gaging the importance of imports, the rapid development and expansion of the domestic industry must be taken into account. An import of 1,000,000 feet of film into the United States to-day means much less to the industry than the importation of a similar amount meant in 1914. The domestic market has so developed that 20,000,000 feet (the import of 1914) would be more easily absorbed to-day than a much smaller amount in 1914. Except for four German and one Italian film, pictures of foreign make, imported since the war have not been especially successful.

Sources of import.—More than four-fifths of the raw film and two-thirds of the exposed film imported into the United States come from five European countries: Belgium, France, Germany, Italy, and the United Kingdom.

TABLE 3.—*Comparative imports of motion-picture film into the United States from all countries and from five European (England, France, Italy, Germany, and the United Kingdom), fiscal years ending June 30, 1911–1921.*

[From Foreign Commerce and Navigation of the United States.]

Year.	All film.		Unexposed.[1]		Exposed.	
	All countries.	Selected countries.	All countries.	Selected countries.	All countries.	Selected countries.
	Linear feet.	*Linear feet.*	*Linear feet.*	*Linear feet.*	*Linear feet.*	*Linear feet.*
1911	11,725,000	10,422,000	.....	.....	11,725,000	10,422,000
1912	14,275,000	12,710,000	.....	.....	14,275,000	12,710,000
1913	15,674,000	13,880,000	.....	.....	15,674,000	13,880,000
1914	64,774,000	62,349,000	44,717,000	44,243,000	20,057,000	18,106,000
1915	72,192,000	70,551,000	61,402,000	61,401,000	10,789,000	9,150,000
1916	65,998,000	65,008,000	58,491,000	58,488,000	7,507,000	6,520,000
1917	58,130,000	56,029,000	52,294,000	52,292,000	5,835,000	3,738,000
1918	51,551,000	50,559,000	47,463,000	47,368,000	4,088,000	3,191,000
1918 [2]	27,977,000	27,314,000	25,709,000	25,614,000	2,268,000	1,670,000
1919 [2]	16,667,000	15,505,000	13,747,000	13,502,000	2,920,000	2,002,000
1920 [2]	106,062,000	104,091,000	99,829,000	99,716,000	6,233,000	4,385,000
1921 [2]	130,349,000	126,152,000	122,975,000	120,551,000	7,375,000	5,601,000

[1] Figures prior to 1914 are not available. [2] Calendar years. [3] Nine months ending Sept. 30.

In the normal year, the United States imports between one and two million feet of film from countries other than the five selected. These imports come from all parts of the world in small amounts, a few thousand feet from each country, made up of travel pictures, news service, pictures taken abroad by American companies, and an occasional photoplay made by a foreign company.

Belgium the first of these countries, is important only as an exporter of raw film, as the following table shows:

TABLE 4.—*Imports of motion-picture film into the United States from Belgium, fiscal years 1911–1921.*

[From Foreign Commerce and Navigation of the United States.]

Year.	Exposed.		Unexposed.[1]		Year.	Exposed.		Unexposed.[1]	
	Amount.	Value.	Amount.	Value.		Amount.	Value.	Amount.	Value.
	Linear feet.		*Linear feet.*			*Linear feet.*		*Linear feet.*	
1911	600	$24	.....	.....	1917	.....	.....	.....	.....
1912	600	30	.....	.....	1918	.....	.....	.....	.....
1913	.....	.....	.....	.....	1918 [2]	.....	.....	.....	.....
1914	(2)	1,853	8,666,620	$208,357	1919 [3]	.....	.....	.....	.....
1915	.....	.....	818,550	20,197	1920 [3]	3,194	$173	30,829,770	$667,847
1916	.....	.....	.....	.....	1921 [4]	7,274	8,363	31,242,515	652,997

[1] No figures available prior to 1914.
[2] Amount not given.
[3] Calendar year.
[4] Nine months ending September 30.

Before the war the raw-film industry had gained a foothold in Belgium, and in 1914 several million feet of raw film were exported. But by the end of 1915 the war had put an end to its production for export, and in the four years 1915-1919 we imported no raw film from that country. In 1920, however, 30,833,000 feet, nearly one-third of our total unexposed film import, came from Belgium, and in the current year probably 40,000,000 feet, or about the same proportion of our total import, will come from the same source.

Belgium is not an important exporter of exposed film. The motion-picture industry—that is, the producing of plays—has not developed. Our imports of exposed film from that country in the last 10 years have been negligible in both quantity and value, less than 15,000 feet have been imported, and 90 per cent of it has come in during the last two years.

Belgium is an excellent market for the disposal of finished pictures. Competition is strong, as French, Italian, German, and American producers are in the field. The fact that American film exports to Belgium have substantially increased during the last two years indicates that American films are holding their own in the face of this severe competition from European producers.

FRANCE.

The United States imports more motion-picture film from France than from any other country. About half of our raw film and nearly one-third of our exposed film imports have come from that country.

TABLE 5.—*Imports of motion-picture film into the United States from France, fiscal years 1911–1921.*

[From Foreign Commerce and Navigation of the United States.]

Year.	Exposed.		Unexposed.[1]	
	Amount.	Value.	Amount.	Value.
	Linear feet.		*Linear feet.*	
1911	6,834,000	$408,000	.....	.....
1912	6,857,000	524,000	.....	.....
1913	6,888,000	695,000	.....	.....
1914	6,518,000	429,000	25,168,000	$453,000
1915	2,901,000	129,000	45,138,000	618,000
1916	3,912,000	143,000	58,217,000	743,000
1917	2,234,000	170,000	52,224,000	800,000
1918	786,000	48,000	45,078,000	680,000
1918 [2]	723,000	61,000	23,724,000	368,000
1919 [2]	869,000	149,000	13,349,000	255,000
1920 [2]	2,162,000	205,000	65,525,000	881,000
1921 [3]	1,848,000	185,000	59,954,000	1,034,000

[1] No figures available prior to 1914.
[2] Calendar year.
[3] Nine months ending Sept. 30.

Before the war our imports of raw film from France were growing in importance, and by 1915 were in excess of 50 per cent of total raw-film imports. During the war imports of French raw film did not begin to decline until after 1916. From that time the fall was rapid until in 1919 we imported only 13,349,000 feet, or less than one-fourth of the 1916 amount. In 1920 imports of French raw film more than quadrupled, jumping from 13,400,000 in 1919 to slightly more than 62,500,000 feet. The returns for the first nine months of this year indicate that the total for the year will not be far from 75,000,000 feet. Imports of exposed film from France greatly decreased during the war. In 1917 they had fallen to about one-third, and in 1918 to approximately one-ninth of the 1913 figure.

In 1919 our imports of French exposed film increased slightly to 869,000 feet, and in 1920 they were 2,162,000 linear feet, or more than double the 1919 figure. The imports for the first nine months of this year indicate that the total for the year will be about 2,200,000 feet, or a slight increase over 1920. This is about one-third of the quantity imported in 1913.

Prior to the war the French motion-picture industry itself had a steady growth and development. Production was well organized and foreign markets were established, particularly in Austria, Germany, and Russia.

The war put a stop to the progress of the French motion-picture industry, crippling it in two ways:

(1) It took personnel of producers' organization and seriously interfered with the exhibition of films.

(2) It prevented exportation of films to former markets: Austria, Germany, and Belgium.

When peace came the industry was not on stable foundation. Handicapped by a lack of modern machinery and equipment and a scarcity of working capital, recovery was slow. There is in France no organization of companies and production on the scale with which we are familiar in this country. The industry is unable to produce the elaborate feature pictures which require special and expensive equipment.

Foreign competition is particularly severe in France from Italy and the United States. American pictures have been popular and in great demand from their introduction. The French "Association National d'Expansion Economique" estimated in 1918 that more than half of the film exhibited was of foreign make. The French industry has thus been dependent on the development of markets in other countries to a great extent.

TABLE 6.—*French exports of motion-picture films.*[1]

[From Foreign Commerce and Navigation of the United States. Unit, metric quintal=100 kilos.]

Importing country.	1913	1914	1915	1916	1917	1918
Great Britain	737	1,052	315	400	245	301
Switzerland	185	274	206	63	69	32
Spain	135	166	121	143	67	70
Italy	277	228	167	267	121	66
United States	495	1,281	342	553	2,337	833
Brazil	.....	.....	61	84	.....	14
Argentine	.....	.....	66	99	84	10
Germany	736	474	.....	.....	.....	.....
Belgium	168	72	.....	.....	.....	.....
Austria	80	66	.....	.....	.....	.....
French colonies	.....	14	36	82	12	1
Other countries	631	261	354	123	156	[2] 65
Total	3,480	3,888	1,668	1,837	3,091	1,392

[1] Includes both exposed and unexposed.
[2] Includes 4,300 kilos shipped to Sweden.

It is certain that a large proportion of the exports are unexposed film, but exact figures are not available. The above table shows clearly that the French export trade suffered a severe setback during the war. Germany, Austria, and Belgium imported no French film after the outbreak of the war, while in 1913 they took over 25 per cent of the total French export. With the loss of these markets, France turned to South America, and by 1915 exports to Brazil and Argentina were important. Exports to nearly all countries in 1918 showed a great decline over the 1913 level. Those to the United States, however, were in excess of the 1913 figure. Although the French figures do not differentiate between exposed and unexposed film, on comparing with figures from American sources (Table 5) it is apparent that the increase was in unexposed film exports, rather than exposed. It is suggested in a report made in 1918 on the French motion-picture industry by the "Association National d'Expansion Economique" that the importation of French film into the United States is not likely to grow in importance for two reasons: (1) The United States tariff on film imports; (2) the control which the great American producing companies have over the American exhibitors.

GERMANY.

In the present year imports of German film have been given great publicity. The following table gives our import of German films during the last ten years:

TABLE 7.—*Imports of motion-picture film into the United States from Germany, fiscal years 1911–1921.*

[From Foreign Commerce and Navigation of United States.]

Year.	Exposed.		Unexposed.[1]	
	Amount.	Value.	Amount.	Value.
	Linear feet.		*Linear feet.*	
1911	56,000	$2,000		
1912	662,000	48,000		
1913	1,515,000	128,000		
1914	2,159,000	184,000	7,932,000	$157,000
1915	582,000	42,000	8,271,000	162,000
1916	72,000	37,000		
1917	25,000	3,000		
1918				
1918 [2]				
1919 [2]	1,000	261,000		
1920 [2]	539,000	37,000		
1921 [3]	1,911,000	168,000	29,354,000	594,000

[1] No figures available prior to 1914.
[2] Calendar year.
[3] 9 months ending Sept. 30.

In the prewar period imports of film from that country were growing rapidly, but it was not until 1913 that they became important.

In the following year about one-sixth of our total import of raw film came from Germany. The war at first slowed down and finally stopped German export of raw film until after the armistice. In the two years 1919–20 we imported no raw film from Germany. In the first nine months of this year, however, over 29,000,000 feet, or over 20 per cent of the total of unexposed film entering this country, came from Germany. It is clear that the German raw-film industry, little disturbed by the war, is in a strong position.

Before the war, imports of German exposed film were relatively unimportant prior to 1913. The growth of our import was rapid from 1911 on, until the high mark of 2,159,231 feet was reached in 1914. During the war imports of exposed film from Germany declined and finally ceased in 1917.

In 1919 the import was negligible. In 1920 slightly more than a half million feet of exposed film were imported. But in the present year, imports from Germany will probably be more than 2,000,000 feet, and in excess of those from any other country. German film makes up at present about 26 per cent of our total exposed film import in feet. In value, however, it is only 16 per cent of the total, or less than the somewhat smaller imports from France and the United Kingdom.

In the first nine months of this year nearly 2,000,000 feet of exposed film have have come from Germany. It is estimated that over 150 completed pictures have been imported. Four of these pictures—"Passion," "Deception," "Caligari," and "The Golem," have met with startling success. The fact that these four were successful has led the general public to believe that all the films we import are as successful as these four. This is evidently not the case. Trade magazines say that less than 4 per cent of the German films imported are ever exhibited.

The cost of producing these four successful pictures was large, even when converted into dollars at the depreciated exchange rate. Reliable figures as to the German cost can not be obtained. However, since the salaries paid the personnel are much lower than those paid here, and since wages are a very large item in producing cost, it is probable that the cost of production in Germany was less than it would have been in the United States.

Exact and reliable figures concerning the German industry are not to be had. It is certain that during the three years since the armistice the German industry has received a great stimulus. Observers of the Bureau of Foreign and Domestic Commerce in Germany say that German public opinion has been strongly opposed to the presentation of French and Italian films which were formerly so popular. This attitude has been a not unimportant factor in recent development.

According to the Economist Francaise of September 3, 1921, the four leading companies are the Ufa, Decla, May-film, and Efa (European Film Alliance). The first three are strictly German, the fourth was created by the Famous Players-Lasky Corporation of America.

ITALY.

In Italy the motion-picture industry is one of the ranking industries. The greatest development in the industry outside of the United States has taken place in that country. The following table gives the imports of Italian film into the United States in the last 10 years:

TABLE 8.—*Imports of motion-picture film into the United States from Italy, fiscal years 1911–1921.*

[From Foreign Commerce and Navigation of United States.]

Year.	Exposed.		Unexposed.[1]		Year.	Exposed.		Unexposed.[1]	
	Amount.	Value.	Amount.	Value.		Amount.	Value.	Amount.	Value.
	Linear ft.		*Linear ft.*			*Linear ft.*		*Linear ft.*	
1911	2,525,000	$150,000	.....	.....	1917	477,000	$98,000	.....	.....
1912	2,843,000	163,000	.....	.....	1918	508,000	67,000	.....	.....
1913	2,596,000	170,000	.....	.....	1918 [2]	498,000	43,000	.....	.....
1914	3,043,000	247,000	10,000	$350,000	1919 [2]	108,000	12,000	25,000	$1,000
1915	1,390,000	102,000	.....	.....	1920 [2]	237,000	18,000	.....	.....
1916	623,000	39,000	.....	.....	1921 [3]	485,000	141,000	.....	.....

[1] No figures available prior to 1914.
[2] Calendar year.
[3] 9 months ending Sept. 30.

The production of raw film in Italy has been slight and imports into the United States from that country have been negligible. In the production of exposed film, however, it has gone far ahead of other European countries for two major reasons:

1. It has been peculiarly favored by physical conditions—climate and scenery.
2. The Italian Government favoring the industry as a means of attracting tourists aided in the more effective organization of the industry.

Before the war about one-sixth of the total exposed film import came from Italy. The amount of Italian film imported fluctuated slightly, but no general trend was apparent. Imports from Italy seemed to be at a standstill. In 1914, 3,043,000 feet of film were imported. During the war, however, the import was greatly reduced and fluctuated irregularly. In 1919 imports of Italian film fell to the low mark of 108,490 feet.

Since then the import has increased somewhat, but the figures for the first nine months of 1921 indicate that the total for the year will not be in excess of 600,000 feet, which is far below the import level of 1914.

It is doubtful if the import of exposed film from Italy will regain its prewar importance. American producers have become firmly established and can produce film enough to satisfy the American demand. The gap which Italian film filled in prewar days no longer seems to exist.

Italian trade statistics show that total film imports exceed total exports. In those statistics no distinction is made between exposed and unexposed film and, in view of the fact that nearly all of the raw film used is imported, it is safe to say that exposed film exports are far in excess of the unexposed film imports.

TABLE 9.—*Italian exports of motion-picture film.*

Importing country.	1914	1919	Importing country.	1914	1919
	Kilos.	*Kilos.*		*Kilos.*	*Kilos.*
Austria-Hungary	12,400	.....	United Kingdom	27,400	1,700
France	16,400	17,200	Brazil	12,100	1,400
Germany	6,200	.....	Argentina	8,300	2,500
Russia	2,200	.....	United States	3,300	500

During the war the Italian industry was seriously interfered with. There was a lack of raw materials, which previous to that time had been purchased in Germany, the markets in Austria, Germany, and Russia were cut off, and exports to Great Britain and South American countries were greatly curtailed. In the three years since the armistice there has been a slight increase in exports, but the prewar level has not yet been reached. Partly because Italian producers were compelled to

withdraw from South American markets, exports from the United States to South America greatly increased. In 1913 the United States exported to South America less than 1,000,000 feet and in 1918 over 12,000,000 feet. In the current year competition from the Italians and Germans in South America has been severe. The cheapness of European films seems to be a determining factor, and they are used in increasing amounts, although inferior in quality.

In 1920 there were 82 producing companies in Italy capitalized at 100,000,000 lire and employing 300,000,000 working capital. The total annual production of new film in Italy was estimated by a representative of the Bureau of Foreign and Domestic Commerce in 1920 to be in excess of 1,600,000 meters (5,250,000 feet). (Commerce Reports, July 23, 1920.) As a rule, Italian films have not been successful in this country. Reports indicate, however, that the picture "Theodora" of Italian make, which has recently been released in New York by Goldwyn, is likely to be quite as successful as any of the four German films.

UNITED KINGDOM.

The United Kingdom, though handicapped by climatic conditions, is an important producer of films, and the United States imports large quantities of British film. The following table gives the amounts and values for the last 10 years:

TABLE 10.—*Imports of motion-picture film into the United States from United Kingdom, fiscal years 1911–1921.*

[From Foreign Commerce and Navigation of United States.]

Year.	Exposed.		Unexposed.[1]	
	Linear feet.	Value.	Linear feet.	Value.
1911	1,006,000	$51,000		
1912	2,347,000	164,000		
1913	2,881,000	189,000		
1914	6,386,000	396,000	2,467,000	$58,000
1915	4,277,000	247,000	7,173,000	168,000
1916	1,913,000	187,000	270,000	7,000
1917	1,003,000	178,000	68,000	2,000
1918	1,897,000	130,000	2,291,000	55,000
1918 [2]	479,000	95,000	1,889,000	46,000
1919 [2]	1,023,000	163,000	164,000	14,000
1920 [2]	1,444,000	247,000	6,350,000	141,000
1921 [3]	1,350,000	196,000		

[1] No figures available prior to 1914.
[2] Calendar years.
[3] Nine months ending Sept. 30.

Imports of British unexposed film into the United States have been relatively unimportant, except in the year 1915, when 7,000,000 feet of unexposed film were imported. This amount was approximately 12 per cent of the total import. In subsequent years the import of unexposed film from the United Kingdom has been only a small percentage of the total import although in 1920 in quantity it was nearly as large as in 1915. For the first nine months of this year, according to preliminary figures none has been imported. The raw film industry in England is dominated by the Kodak Co., which has its factory at Harrow.

Before the war we imported over 25 per cent of our exposed film from the United Kingdom. During the war imports fell off, and in 1918, though amounting to less than one-tenth of the 1914 figure, they were approximately one-sixth of the total import.

Since 1918 the increase has been slow, and for the present year imports will probably not exceed 2,000,000 feet, which is less than one-third of the 1914 figure.

Foreign competition in the United Kingdom is keen, especially from France and the United States. Imports of film from other sources are negligible. It is estimated that more than 50 per cent of the pictures exhibited are of American make. Strenuous efforts have been made in the last year or so to put the British industry on a sounder basis. New companies have been formed and amalgamation and consolidation has proceeded. There is no doubt that the efforts made have met with some success, and that more British pictures are now being exhibited at home than ever before. Producers recently have been making an attempt to have tariff legislation passed, which will shut out mediocre films of foreign make. Reliable figures on the

capitalization and production of the British industry are not available. Probably not more than £10,000,000 are invested in the industry. No figures on British exports are available prior to 1917, but as in the case of other European countries, the British export trade suffered a setback during the war. In 1919, however, British exports were three and a half times those of 1918.

TABLE 11.—*United Kingdom: Domestic exports of motion-picture film.*

[From Trade of the United Kingdom.]

Importing country.	1917	1918	1919	1920
	Linear feet.	*Linear feet.*	*Linear feet.*	*Linear feet.*
Netherlands	185,000	41,000	1,772,000	.....
France	1,012,000	4,451,000	19,451,000	.....
Italy	7,000	.....	2,838,000	.....
United States	3,017,000	2,509,000	1,081,000	.....
Brazil	363,000	65,000	208,000	.....
Argentina	377,000	243,000	416,000	.....
Other foreign	903,000	362,000	3,927,000	.....
British possessions	608,000	538,000	1,083,000	.....
Total	6,474,000	8,209,000	30,776,000	[1] 24,812,000

[1] Total only available for 1920.

The above table indicates the destination of British exports. The exports to Brazil, Argentina, and the United States decreased in the three years 1917–1919. In 1919 exports were more than three times the 1918 figure. The increase in the exports to France accounted for more than two-thirds of the total increase in exports.

Senator LA FOLLETTE. Mr. Cole, what is the rate of duty fixed in the House bill?

Mr. COLE. It is 20 per cent ad valorem, American valuation.

Senator LA FOLLETTE. But now you ask a specific duty, instead, as I understood you?

Mr. COLE. Yes, sir.

Senator LA FOLLETTE. Can you tell us what that would amount to, expressed in ad valorem?

Mr. COLE. It would amount to 35 per cent American valuation, approximately.

Senator LA FOLLETTE. Approximately 35 per cent American valuation, instead of 20 per cent, as indorsed by the House?

Mr. COLE. Yes, sir.

Senator SMOOT. Are you interested in the moving picture that comes here from the foreign country to be shown in the moving-picture shows?

Mr. COLE. No, sir. We are purely manufacturers of the unexposed film.

Senator SMOOT. If the moving picture unexposed films were on the free list, it would not affect you in any way?

Mr. COLE. No, sir.

Senator SMOOT. Sensitized but not exposed moving-picture films to-day is on the free list, is it not?

Mr. COLE. Yes, sir.

Senator SMOOT. And you want 35 per cent ad valorem on the American valuation?

Mr. COLE. Yes, sir; but we would prefer three-fourths of a cent specific duty.

Senator SMOOT. What is three-fourths cent specific duty equal to in ad valorem?

Mr. COLE. Just about 35 per cent.

Senator SMOOT. That is on the positive film?

Mr. COLE. Yes, sir.

Senator SMOOT. And on the negative you want 1¼?

Mr. COLE. We want 1¼; yes, sir.

Senator SMOOT. What would that equal?

Mr. COLE. That would be about the same per cent of ad valorem.

Senator MCCUMBER. I can not quite understand what you mean when you say that the importation of the exposed films, the pictures, which are shown, being absolutely free, would not affect the sale in this country of the American unexposed film. If we surrender the exposed films market to the foreigner, why would it not to that same extent decrease the sales of the American unexposed?

Mr. COLE. Yes, sir; I think it would. I have not gone into the exposed end at all; I kept to my own subject; and, of course, if all exposed film came over here and no American pictures were made naturally there would be less demand.

Senator MCCUMBER. None of the positive films brought in here would be made from American films?

Mr. COLE. If they came from abroad; no, sir.

Senator WATSON. On that point, is it not a fact that the American public does not want the foreign films. The picture does not appeal to the American public nearly as much as the American picture appeals to the foreigner?

Mr. COLE. I am not an expert on the picture end of it.

Senator SMOOT. You know this, that there are, many, many times more American exposed films exported than there are imported into this country of the foreign exposed films. In fact, the American has virtually the control of the markets of many of the countries of the world to-day.

Mr. COLE. I could not answer that, sir, on the exposed film, because I am not familiar with the pictures. So, I prefer not to answer.

Senator LA FOLLETTE. Will you state, if you can, the total amount of the domestic production of the films on which you ask to have these two specific duties levied?

Mr. COLE. Between 700,000,000 feet and 800,000,000 feet in a year, was, I think, the record for the last year's consumption of film in America. About 65,000,000 feet a month?

Senator SMOOT. On the basis of foreign valuation, what would you want?

Mr. COLE. We would want 50 per cent, foreign valuation.

Senator MCCUMBER. As against this over 800,000,000 feet that was produced in the United States, what amount is imported?

Mr. COLE. The last three months show an importation at the rate of 240,000,000 feet a year. That has increased steadily since the end of the war; it has been increasing year by year and month by month. It is now 30 per cent of the entire American consumption.

Senator WATSON. Technically, is there a difference between raw and sensitized film?

Mr. COLE. Sensitized film is sometimes called raw film, but it is really sensitized, not a raw product.

Senator WATSON. When you use the expression "raw film" it does mean sensitized?

Mr. COLE. Raw film is sensitized film; it is a trade name.

Senator WATSON. The two are synonymous?

Mr. COLE. Yes, sir.

Senator CALDER. What countries are exporting films to the United States?

Mr. COLE. Germany, France, Belgium, and up to 1921 Great Britain.

Senator CALDER. Have those countries a tariff against American films?

Mr. COLE. Yes, sir; every one of them.

Senator CALDER. Do you know the rate?

Mr. COLE. I think you will find the rate in the Eastman Kodak brief. It is two-thirds of a cent per linear foot in England; $8.56 per hundred pounds in France; 13 per cent ad valorem in Belgium; 9 paper marks per pound in Germany.

Senator WATSON. You speak only for the film people and have nothing to do with the cameras?

Mr. COLE. I am only speaking for the film people.

Senator McLEAN. I assume it is your idea that if you get a reasonable protection for your industry here so that you can employ American labor, you do not ask the price of admission to moving picture shows?

Mr. COLE. The cost of the film is a very small proportion of the cost of the picture, although it employs a good many people and means a good deal of money.

BRIEF OF THE EASTMAN KODAK CO., ROCHESTER, N. Y.

This company requested a duty of 30 per cent on photographic film, sensitized but not exposed or developed. The pending bill carries a duty of 20 per cent and a duty of at least 20 per cent should be maintained.

1. There are two classes of this film, one, the cartridge film, used in hand cameras, mostly by amateurs, and the other, the motion-picture (cinematograph) film, used exclusively for motion-picture purposes.

2. The manufacture of a high-grade and uniform film is one of the most delicate and difficult of all the arts and can only be attained by years of experience and research by skilled and high-salaried experts, and the expenditure of enormous sums of money in investigation and experiment and in making good the many failures and mishaps that necessarily occur in perfecting processes.

3. The Eastman Kodak Co. was the commercial pioneer in introducing (in 1889) pyroxylin roll film to take the place of the gelatin-coated paper films previously used. It was also the originator for commercial purposes of the motion-picture film.

4. The Eastman Kodak Co., having practically created the business, has maintained its lead solely by reason of the high quality and uniformity of its product. Other manufacturers have in recent years established themselves in the United States and gradually great companies in Europe have succeeded in making such film of acceptable quality. Shortly before the Great War these companies began importing large quantities into the United States, the powerful German Chemical Trust taking the lead.

5. The Payne-Aldrich tariff of 1909 imposed a duty of 25 per cent ad valorem on all photographic film, sensitized but not exposed.

The Underwood-Simmons tariff of 1913 put it upon the free list.

Had it not been for the fact that the war stopped all exportation from Germany and acted as a high protective tariff wall against foreign importations into this country it would have been difficult to calculate the damage that would have been done to manufacturers in this country. Since the war ceased, importations of such film into this country have doubled and trebled from year to year. Government records show that in the year ending June 30, 1919, such film to the extent of 21,201,874 feet was imported; for the corresponding period of 1920 the amount imported was 46,485,434 feet, while for the year ending June 30, 1921, the imports were 134,118,621 feet.[1]

[1] Monthly Summary of Foreign Commerce, Part I, June, 1921, page 17.

It is apparent that unless some relief is given, this business of manufacturing photographic film will be taken from America and transferred to foreign countries.

6. The net selling price of Eastman Kodak Co. positive motion-picture film is now 2.25 cents per linear foot.

It is the German film, manufactured by the Agfa Co., which is controlled by the German Chemical Trust, by which American manufacturers are threatened with extinction. The Eastman Kodak Co. has been at some considerable pains to ascertain the price in Germany at the present time of photographic film, sensitized but not exposed. That price is 2.8 marks per meter, which, converted at the rate of exchange on July 30, 1921, is 1.07 cents per foot. Adding to this a duty of 20 per cent ad valorem, American valuation, which is .45 cent we have 1.52 cents as the price at which German film can be laid down in the United States, duty paid, with the same profit to the German manufacturer that he is making to-day on his sales in Germany. The difference between this price and the net selling price of this company's film in the United States is .73 cent per linear foot. Substantially, therefore, on importations to the United States the German manufacturer paying a duty of 20 per cent ad valorem can make not only his present profit on sales in Germany but in addition thereto .73 cent per foot.

Since the war the German manufacturer has captured the market in Italy, where before the war this company had an extensive business. He has also driven out of Italy both Belgian and French film, and he is rapidly doing the same thing in America, as shown by the Government report of importations. In February, 1921, Belgium imported into the United States 7,156,680 feet of this film. In June, 1921, Belgium imported 641,850 feet. In February, 1921, Germany imported into the United States 17,585 feet, in June, 1921, 7,422,300 feet, which last-mentioned figure was over 40 per cent of the entire importations of such film for that month.

7. Practically every foreign country that manufactures film has an import duty, while the United States has none.

In Great Britain and Ireland the duty is two-thirds of a cent (at the normal rate of exchange) per linear foot (with a preferential of two-thirds of that amount).

In Belgium it is 13 per cent ad valorem.

In France it is $8.56 per 100 pounds.

In Canada it is 30 per cent ad valorem.

In Germany it is 9 (paper) marks per pound.

(The above French rate is on the basis of exchange values January 1, 1921.)

8. Under present conditions an American manufacturer can make the film in Europe, import it into this country, and make a good profit on it. If no duty is imposed here, the tendency will necessarily be to compel American companies to manufacture in Europe instead of in the United States in order to successfully compete with foreign manufacturers.

The president of the Powers Film Co., manufacturers of photographic film, located at Rochester, N. Y., in his report to stockholders published August 2, 1921, makes this statement:

"The plant of the company is closed for repairs but will reopen shortly. I have obtained for the company the American agency to represent German film manufacturers. The company is purchasing German film at a price less than it could manufacture film for and selling the same at a profit. This will continue until such time as the Fordney tariff takes effect."

9. It has been stated by those who are opposing this tariff that it will result in a monopoly by this company, which, as soon as the tariff is imposed, will advance its price upon such film. By the figures already given from the Government's records it is apparent that this company would be unable to advance its prices in competition with German-made film after the addition of a tariff of 20 per cent ad valorem.

Furthermore, this company has no intention or desire to advance the present price of its motion-picture film. Its profits lie in encouraging the industry and enlarged production. No better evidence of this company's policy in this respect could be given than its action during the Great War. From the fall of 1914 to the fall of 1918, or even later, practically all German-made motion-picture film was kept out of the American market, and it is German-made film that the American manufacturer has to fear. Yet during that period this company not only did not advance the price of motion-picture film to American consumers, but actually reduced it an average of 5 per cent. And again since the pending bill passed the House of Representatives this company has voluntarily announced a reduction in the price of its film amounting to over 10 per cent.

10. In order to minimize the amount of labor involved in the manufacture of foreign-made film, it has been stated by those who object to this tariff that foreign film, sensitized but not exposed, is coated upon American made celluloid base. This is not true

with regard to importations of film by German and French manufacturers. It has been true of the importations from England and Belgium. Already English importations have been entirely stopped by the Germans. The Government records show that not a foot of unexposed motion-picture film has been imported into the United States from England from January 1 to July 1 of this year, which period covers the time since the German importations began. We have already shown that Belgian importations are rapidly disappearing.

II. The annual revenue to be derived by the Government from this tariff based on importations for the year ending June 30, 1921, would be $603,533.

We therefore ask that the duty of 20 per cent ad valorem carried by paragraph 1451 of the pending bill on photographic and motion-picture film, sensitized but not exposed or developed, be retained.

PHOTOGRAPHIC CAMERAS.

The duty of 30 per cent on photographic cameras, paragraph 1451 of the pending bill, is satisfactory and should be retained for the following reasons:

Had not the war stopped importations of cameras from Germany and greatly reduced importations from other countries, the rate of 15 per cent fixed by the act of 1913 would, in our judgment, have practically ruined the business of manufacturers in this country.

By far the greastest item of cost in the manufacture of a camera (including the lens with which it is equipped and which ordinarily is included in the camera when imported) is labor. Before the war foreign makers sold cameras in the United States at prices which the American manufacturers could not meet, and they are doing the same thing to-day. The present rates of exchange give to foreign manufacturers an advantage over our own manufacturers greater than it was before the war. For this our manufacturers are in no way responsible and they are therefore justified in asking our Government to impose a duty that will at least give them the opportunity of competing with foreign manufacturers on somewhat near even terms.

The rate at which importations of photographic cameras are increasing is shown by the fact that the value of such imports for the 12 months ending June 30, 1919, was $3,456; for the corresponding period in 1920 was $100,862; while for the corresponding period ending June 30, 1921, the value of these imports was $463,856.[1]

The duty carried by the pending bill will enable domestic manufacturers to compete with foreign manufacturers and at the same time will not prohibit importations or competition.

NOTE.—Since the foregoing was prepared we are in receipt of a cablegram from our English house, dated September 17, stating that among the articles scheduled in the English safeguarding of industries bill, published that day, photographic cameras are included, with and without lenses, and are subject to a duty of 33⅓ per cent.

BRIEF OF THE BAY STATE FILM CO., SHARON, MASS.

The following statement is respectfully submitted to the Senate Finance Committee to support the imposing of a duty of not less than three-fourths of a cent per foot on positive film and 1¼ cents per foot on negative film, or 35 per cent ad valorem (American valuation) on moving-picture film, sensitized but not exposed or developed. The protection afforded by the Payne-Aldrich tariff of 25 per cent was, at the time, probably sufficient to offset differences in wage scales and rates of exchange, but the great changes which have occurred during recent years, have altogether altered the situation as shown by the facts herein set forth. The pending bill carries a duty of 20 per cent, which, we submit on the basis of the facts presented, is entirely inadequate to permit us to continue in business:

I. Moving-picture film is produced by coating celluloid (pyroxylin) with photographic emulsion. To manufacture a satisfactory product of uniform quality requires special plants and machinery of expensive construction as well as long experience and technical skill of the highest order. Approximately 90 per cent of all film sold is photographic positive film and 10 per cent photographic negative film.

II. January 1, 1921, there were in the United States five manufacturers of moving-picture film, namely, Ansco Co., Binghamton, N. Y.; Bay State Film Co., Sharon, Mass.; Eastman Kodak Co., Rochester, N. Y.; Eagle Rock Film Co., Eagle Rock, N. J.; Powers Film Products Co., Rochester, N. Y. The two last-mentioned plants have been closed for some months.

III. The Bay State Film Co. owns and operates a plant at Sharon, Mass., constructed especially for this purpose and representing an expenditure of $400,000. This plant

[1] Monthly Summary of Foreign Commerce, Part I, June 1921, p. 17.

has a capacity, operating on one shift per day, of 7,200,000 feet of film (cinematographic width) per month. The total investment by American manufacturers in plant and equipment for this special line of manufacture, not suitable for any other purposes, represents an aggregate of approximately $50,000,000.

IV. Imports of film into this country, according to Government records, have been as follows:

Year ending June 30, 1919	feet..	21,201,874
Year ending June 30, 1920	do..	46,485,434
Year ending June 30, 1921	do..	134,118,621
Months of July and August, 1921	do..	29,113,876

V. Present costs of manufacture per hundred feet of positive film at the Bay State plant are approximately as follows:

Celluloid (film base)	$1.00
Siver nitrate, gelatin, and other chemicals	.312
Labor and manufacturing expense	.51
Overhead	.10
Total, per hundred feet	1.922

This total does not include any allowance for depreciation or return on invested capital.

Present price of Bay State positive raw film, f. o. b. factory, Sharon, Mass., per hundred feet, $2.25.

VI. Estimated costs of manufacture per hundred feet of positive raw film in Germany are as follows:

Celluloid (film base)	$0.44
Silver nitrate, gelatin, and other chemicals	.214
Labor and manufacturing expense	.102
General overhead	.02
Total, per hundred feet	.776

This total is based on a ratio of 5 to 1 for the American wage scale by comparison with corresponding wages in Germany reduced to American valuation. The actual wage paid unskilled labor in Germany to-day is 5 marks per hour with an 8-hour day, or approximately 40 cents per day.

Latest quotation on Agfa (German-made) positive film, f. o. b. factory, at 2.8 marks per meter, with current exchange at 1.01 cents per mark, per hundred feet, $0.92.

VII. The principal foreign manufacturer of film is the Agfa Co., controlled by the German Chemical Trust, a most important factor in the old German Munitions Trust.

The latest quotation of 2.8 marks per meter at the then current rate of exchange, 1.01 cent per mark, would figure the total cost landed in New York at $1.26 per hundred feet. In other words, it is possible to land German-made moving-picture film in New York City, all charges paid, at a price scarcely more than the cost of the film base to the American manufacturer. Obviously no manufacturer can compete under such conditions.

VIII. It is impossible for a film manufacturer to purchase film base (celluloid) abroad, because this industry is exclusively in the hands of the manufacturers of moving-picture film, who will not sell to competitors. If it were possible to purchase abroad and import film base into this country in an effort to reduce the cost of manufacture, the duty of 40 per cent imposed on such base under the present tariff would be 40 cents per hundred feet cinematographic width (American valuation), and under the proposed tariff of 65 cents per pound and 25 per cent ad valorem (American valuation) the duty would amount to 50 cents per hundred feet, cinematographic width. Accordingly, a foreign manufacturer of film base, by coating the base with photographic emulsion, at an estimated coast of $0.336 per hundred feet, can send it into this country free of duty, while the base, uncoated, is subject to a duty of 40 per cent. Such conditions, if allowed to continue much longer, obviously spell the ruin of the American film industry.

IX. The laying of a duty on moving-picture film is opposed only by interested importers, whose argument is that a tariff on moving-picture film would be for the sole benefit of the so-called monopoly of the Eastman Kodak Co. It is, indeed, true that the Eastman Kodak Co. has manufactured the greater part of all the film used in America up to the present time. But the Bay State Film Co. and other American manufacturers of moving-picture film, who during recent years have been building up active competition with American labor and American capital, will be the chief sufferers unless adequate tariff protection is afforded.

The facts given above relative to costs of manufacture and prices here and abroad demonstrate that it is impossible for us to continue in business unless protected by a tariff offsetting to a large extent the effects of cheap labor, cheap materials, and depreciated exchange abroad.

The great danger confronting the American film manufacturer to-day is that the German Chemical Trust, which has to a large extent been barred by recent tariff legislation from the American market for dyestuffs, will acquire virtually the entire American market for raw film, just as it formerly dominated the dye industry of this country, and thereby held the key to the entire textile industry.

According to the figures as submitted in the letter of Mr. Victor D. Gordon, the difference between our present cost and the price at which German-made film was laid down in New York with exchange at 1.40 per mark, i. e., the difference between $1.922 per hundred feet and $1.31 per hundred feet, is 61 cents per hundred feet. The estimated price at which German-made film can be bought and laid down in New York to-day, including German export duty of 26 per cent, is $1.20 per hundred feet, or 72 cents less than our present cost of manufacture.

The amount of protection which we request, therefore, is barely enough to bring the selling price of the German-made product up to our own cost of manufacture. If a duty of three-fourths of a cent per foot on positive stock is imposed, the German-made film can still be sold with a profit at a price no more than our present cost of production. Even with such a duty, if we are to sell our product at a price affording any profit whatsoever, it will necessarily be at a higher figure than the German-made film.

Large quantities of foreign-made film will undoubtedly be sold in the American market and the Government will derive substantial revenue from the duty.

X. In urging that you impose a duty of 35 per cent ad valorem (American valuation) on moving-picture film we are not asking for a tariff that will exclude the foreign-made product. We ask only for the minimum of protection which we hope will permit us to remain in business and build up domestic competition in the American market.

The real question involved in your decision regarding this schedule of the tariff is whether by imposing the moderate duty of 35 per cent you will permit American labor and American capital to maintain active competition in the domestic market. If you leave moving-picture film on the free list, you inevitably put every American film manufacturer, with one exception, out of business and hand over the American market to foreign manufacturers.

Although the Bay State Film Co. is one of the smaller manufacturers in its line, we are not afraid to meet American competition at any time and under any conditions. But unless we can receive adequate protection from existing foreign competition we shall be forced out of business. Without protection presumably the control of the American market would pass to foreign manufacturers. We submit that the only way in which the danger of monopoly in this or any other industry can be avoided is by permitting and encouraging domestic competition.

BRIEF OF J. E. BRULATOUR, NEW YORK CITY.

In the Payne-Aldrich tariff of 1909, a duty of 25 per cent ad valorem was imposed on sensitized but unexposed or undeveloped motion-picture film. In the Underwood-Simmons tariff bill of 1913 this product was placed on the free list and classified as raw film. This is a misnomer, as this product is a finished product and can not be classed as a raw product.

The writer respectfully asks that the ad valorem duty of 20 per cent in the pending bill be maintained on this product for the following reasons:

1. *Fair to importers.*—The imposition of such a duty will in nowise affect the importations into this country, because the foreign manufacturers can easily pay this duty and still undersell the American manufacturers, leaving to themselves a handsome profit. The writer would call your attention to the fact that when the Payne-Aldrich tariff of 1909 was in effect he exclusively sold foreign film, manufactured in Lyons, France. He was able to pay the 25 per cent duty, freight, insurance, and all other charges, undersell the American manufacturers, and still make for himself the very enormous profit of one-half cent per foot. Therefore this duty will not curtail importations, but will simply cut into the profits of the foreign manufacturer who has his branches in this country.

2. *Duty on film base.*—The writer would like to call your attention to the fact that there is at present a duty of 40 per cent on the celluloid base of motion-picture films, but the moment a foreign manufacturer places a sensitized photographic emulsion on this base it is admitted free. Is this not inconsistent?

Senator McLEAN (interposing). You say 1 mill on that?

Mr. MACFARLAND. One-tenth of 1 cent per linear foot, and the proposed tariff is 2½ cents.

Senator McLEAN. What is the total cost a foot, if the labor cost is a mill a foot?

Mr. MACFARLAND. I do not know the total cost; I can not say, unless somebody else can give those figures.

Senator McLEAN. That is important; if the total cost is not more than 2 mills, then the labor cost is 50 per cent.

Mr. MACFARLAND. The proposed tariff is about 2½ cents a linear foot. The value of the imported article is only about $1,700,000, and that 20 per cent ad valorem would make only about $350,000 a year.

I represent the International Film Service Co. and the International Reel Co., both New York Corporations. One is in the business of producing the news of the day pictorially, and the other is the conventional motion-picture company.

We object to this because we believe it will result in a monopoly in the production of one of the base materials in motion pictures, and we have the same objection everybody else has to being subjected to a monopoly. We understand human nature, and we do not think it is good to have a monopoly, and especially a monopoly created by Government action, and the monopoly in which the Government is not prepared to enter the field of regulation.

Senator McLEAN. Why will there not be domestic competition? I am asking for information; I am not informed in regard to that.

Mr. MACFARLAND. The answer to that, Senator, is that through a good many years there has not been. After you get through patents and other means, you get established an immense preponderance in any field. The difficulty is almost insuperable to build up competition against it. The economic conditions, the economic advantages, of the immense unit are invincible, and it has proven to be so in the case of this kodak company.

Senator McLEAN. Then this particular produce must be different from any other, because if there is money in anything produced in this country you will usually find competition.

Mr. MACFARLAND. No; not if the monopoly is well managed and is unscrupulous, in which event you can not compete with small capital. We have not been for years able to compete against the Standard Oil Co., and we can not compete with a good many of our monopolies.

Senator McLEAN. That is hardly analogous, because the Standard Oil deals in an inexhaustible supply drawn from the earth. Now, the basic material used in this kind of an industry can be easily procured by anybody.

Mr. MACFARLAND. But the Standard Oil's advantage, Senator, was not due to the fact that there was a limited supply of its product at all; it was due to the fact that it had built up through a course of years an immense organization backed by immense capital, and its practices against its patrons was not from the control of the source, but from the control of the monopoly.

Senator McLEAN. The basic material can be had by anyone.

Mr. MACFARLAND. And so could oil be had. At the time the Standard Oil was destroying its competitors 20 years ago, it did not destroy

them by purchasing the oil products; it destroyed them at the market by putting in competition—underselling them.

Senator McLEAN. It is true of oil and steel; and if your position is true, then we must not have any protective tariff, because if we do we will have monopolies in this country, and that is an old discredited theory.

Mr. MACFARLAND. I do not think so. I think that the basis of tariff protection is, first, protection of labor, and, second, protection of infant industries. You have not either of those elements there. The labor protection is absolutely insignificant. There is no real, measurable infant industry here; you are dealing with a mammoth industry.

Senator McCUMBER. Let us get down to the matter that you want to discuss here.

Mr. MACFARLAND. That, Senator, is all I care to discuss.

STATEMENT OF FREDERIC R. COUDERT, NEW YORK CITY, REPRESENTING THE PATHÉ EXCHANGE (INC.)

Senator FRELINGHUYSEN. Mr. Chairman, may I have the privilege of introducing Mr. Coudert to the committee, who appears in opposition to the proposed tariff on raw films, and to say that our State of New Jersey contains several of these industries, and we are rather deeply interested in it.

Senator McCUMBER. Very well. The committee will be glad to hear Mr. Coudert.

Mr. COUDERT. If the honorable gentlemen please, I shall only take a few moments. I have prepared a careful brief, which I think summarizes our position very clearly, and I know how much easier and comfortable it is to read than to listen; at least, that is the experience I have had usually in life.

I appear here for the Pathé Exchange (Inc.), an American-New York corporation, composed in the main and by very large majority of American stockholders, and probably you have all seen, as I suppose nearly everybody has at times attended the movies, the Pathé News and other features of the Pathé Co.; and we are here to oppose the 20 per cent ad valorem duty on motion-picture films, sensitized but not exposed or developed, paragraph 1451 of House bill 7456.

Senator McLEAN. Your directors are composed largely of Americans?

Mr. COUDERT. They are composed wholly of Americans; and the stockholders are almost all—a very large majority—American. The French company was bought out by American interests, and the small French minority is in process of elimination, holding only some of the bonds. But it is an American corporation in every sense.

Senator McLEAN. Mr. Harry C. Cole testified here upon this same item—that is, affecting dry plates. I suppose that is what you are speaking of.

Mr. COUDERT. This is the raw film, the unused, sensitized film.

Senator McLEAN. H. C. Cole suggested that we have three-fourths per cent per linear foot upon positive and 1¼ cents on negative, instead of 30 per cent. Would that be satisfactory to you?

Mr. COUDERT. Our position is, if the honorable Senator please, that there should be no tariff at all.

Senator McLEAN. You want it free?

Mr. COUDERT. We want it free as it is to-day, and I base my argument on that; and then I come to the very interesting question that the learned Senator from Connecticut addressed to the last speaker. We want it free for this reason, that practically 90 per cent, or over 90 per cent, of this film in this country is manufactured by one corporation. That corporation manufactures 800,000,000 feet of film a year. The amount used in the United States is only 600,000,000 feet; therefore, there is a very considerable balance for export, and it is the exportable article.

I am perfectly willing to acquiesce in everything as to the object and purpose of a protective tariff, and if I may go a little out of order, following the discussion as it has been covered by other gentlemen whom I have listened to here, I do not want to be wearisome or repetitious, I would say that the answer to the very learned Senator's query as to whether potential competition in this country would not naturally keep down prices so that it would be only fair to protect the Eastman industry, which is practically the whole thing here, I would call your attention to some literature that perhaps you have seen but which naturally came to my eye, and that is the opinion of the United States District Court for the Eastern District of New York, August 24, 1915, called the United States *v.* Eastman Kodak Co., and others, answering that very question and showing why the Eastman Co. has built up so great a monopoly by such illegal, unfair, and improper methods that the United States district court in the course of its impartial and just jurisdiction was forced to declare it a monopoly, and I will only read the syllabus, because it is very short, and then I will not by any inadvertence have summarized the thing with any unfairness. The court said [reading]:

> The Eastman Kodak Co., of New York, a corporation engaged in the manufacture and sale of photographic apparatus and supplies, including cameras, plates, films, and paper, in the course of some 15 years acquired the ownership of the property and business of about twenty competing concerns throughout the country, whose plants were dismantled and the business discontinued or transferred to its own plants.

You gentlemen will remember it did happen to the Sugar Trust and abandonment followed. [Reading resumed:]

> While the size of a corporation and the extent of its business do not alone constitute an illegal monopoly, that may properly be considered when its acquisitions of property are accomplished by methods showing an intention to monopolize and restrain interstate trade, and by an arbitrary use of power resulting from a large business to eliminate weaker competitors.

These are the people and the only people of record here who are asking for this duty, and on the other hand is the whole motion-picture industry of the United States, doing millions and millions of dollars of business, and which, outside of income and excess-profits taxes, paid $87,000,000 last year to the Government of the United States.

The Eastman Co., showing the ability with which they conducted their business in and outside of the law, had a profit in 1920 alone on a capital of $25,000,000 of $18,000,000. There is no protective principle, as I understand it, and it is a matter——

Senator McLEAN (interposing). Your conclusion seems to be that the Sherman Act is impotent to restrain trade, and, consequently, the only avenue which is potent is through foreign competition.

Mr. COUDERT. Alas, Senator, it has not been wholly effective; it has been one of the means that have been used. I have been a Government prosecutor in a number of cases and did the best I could in them, and they were won, if I remember rightly, in the lower courts and in the Supreme Court of the United States. But I take it that all methods are necessary, in the first place, to prevent these illegal methods of competition; and, in the second place, there is at least potential competition from abroad. Competition here being nonexistent it is most useful to have things as they are in the status quo.

Can a company which makes $18,000,000 on $25,000,000—I am not a stockholder; I wish I were—need greater protection than it already has? If it does, why, then, it is simply that the Congress of the United States for some reason or other desires to consecrate that monopoly above the power of a tax so that it can go on grinding down the motion-picture industry, because if it charges more for this film it raises the price right straight through and ultimately it falls upon the consumer and upon the Government of the United States.

I take it there are only two reasons for a tariff. There is the revenue reason——

Senator McLEAN (interposing). I have no interest in the Eastman Co.

Mr. COUDERT. Of course; I know you have not. I am sure you would not be here if you had.

Senator McLEAN. I am wondering, however, whether your conclusion would be a safe one to follow. Having failed to break up this combination under process of our own law, they must resort to foreign competition, because I would like to see all these men, if they are extortioners, sent to State prison; that is all the interest I have in the Eastman Co., but I have a very deep interest in the American producer, and I think that every legitimate industry should have reasonable protection, and that is the foundation of my question.

Mr. COUDERT. I agree with you on the premise that every American industry should have reasonable protection. I also am inclined to believe that even if those men were sent to prison, the situation would be very much the same.

As explained by the last speaker, the power of these people is so great that they can do as Germany did in the markets of the world before the war; they can undersell everywhere and destroy competition when their profits are so extreme.

Senator McLEAN. The Department of Justice ought to be able to enforce the law. That is the way to get rid of a monopoly, and that is better than any system of regulation we can adopt and much better than through the process of foreign competition.

Mr. COUDERT. If the Senator please, what is the purpose of the Department of Justice and the purpose of the law back of the department? It is to support competitive conditions, is it not? As Prof. Taussig and the others who have testified before you will tell you, where for one reason or another a monopolistic system has been built up here, and one that does not need any protection, that the only way to protect the consumer is the possibility of extra American competition.

Senator McLEAN. Prof. Taussig, you know, is a free trader, and a very able one.

Mr. COUDERT. I have cited here in my brief a number of professors who are not. I appeal to your common sense, Senator, not to your theories as to protection or free trade. I am neither; I believe sometimes protection is a good thing and sometimes free trade.

Senator SMOOT. Do you think if we had these films on the free list—that is, dry plates, that the American Film Manufacturing Co. could exist?

Mr. COUDERT. You mean the Eastman Kodak Co.?

Senator SMOOT. Well, yes; they could. But how about the others that make 10 per cent?

Mr. COUDERT. They cover a very small part of it, and I believe that they could exist.

Senator SMOOT. You think that they could exist?

Mr. COUDERT. I believe they could exist. There is very little doubt about it. The material that enters into these things is American material.

Let me suggest practical considerations—and I take it that these considerations are practical rather than merely theoretical; and I have no desire to go into the old debate of protection against free trade, and I will not abuse your time.

This will undoubtedly be met by retaliation. I take it that it is the policy of the Government of the United States to, as far as it can, increase its export business all over the world.

The Eastman Film Co. is selling all over the world its material. They are exporting large quantities, over 200,000,000 feet of this stuff being exported. It goes down on the foreign market, through which only a very inconsiderable small portion of this matter comes, you are bound to have retaliation. Retaliation is already threatened. It is a game at which two can play; and therefore you kill exports and you force the consumer to pay increased prices for a tax that is only a half million dollars to the United States, and all the people who have to do with movies to pay tribute.

BRIEF OF FREDERIC R. COUDERT, NEW YORK CITY, REPRESENTING THE PATHÉ EXCHANGE (INC.).

STATEMENT.

We appear before the Committee on Finance of the United States Senate on behalf of Pathé Exchange (Inc.), a New York corporation, engaged in the printing and distribution of motion pictures and operating two factories, one at Bound Brook, N. J., and the other at Jersey City, N. J. For brevity we shall hereinafter refer to Pathé Exchange (Inc.) as "Pathé."

We desire to oppose the proposed 20 per cent ad valorem duty on motion-picture film, sensitized but not exposed or developed, which is included in Schedule 14, paragraph 1451, of House bill 7456. This paragraph also provides for a duty on photographic cameras, plates, and other articles used in photographic work, but we shall confine ourselves to pointing out reasons against the placing of a tariff on motion-picture film known in the trade as "raw film" or "raw stock."

There are two kinds of motion-picture raw film, both of which are covered by the language of the statute just referred to, and both of which should, in our opinion, be duty free, as they were under the previous tariff act. These two kinds of film are the raw negatives which are used in the motion-picture camera, and the raw positives upon which the negatives are printed. The positives are used in the projection machine.

The basis of raw film is celluloid, which is manufactured extensively in the United States more cheaply than abroad. A large portion of the raw material used by foreign manufacturers of motion-picture film is exported from the United States for that purpose. (See Tariff Information Surveys, 1921, relative to this paragraph.)

From the figures given by the Eastman Kodak Co. (hereinafter called "Eastman Co."), signed by Mr. Eastman, its president, and by Mr. Brulatour, the sole American distributing agent of that company, the total yearly consumption of motion-picture raw film in the United States is 600,000,000 feet. The total amount manufactured by the Eastman Co. is 800,000,000 feet per annum. In addition, it manufactures each year about 400,000,000 feet of cartridge film. We have, therefore, from the output of the Eastman Co. alone an exportable surplus. The figures of the Department of Commerce show that from 1914 to 1920, inclusive, there was an excess of exports of raw stock over imports amounting to $9,252,714. The testimony before the Committee on Ways and Means of the House of Representatives shows that in the United States the Eastman Co. is the only manufacturer, in quantities sufficient to be taken into consideration, of motion-picture raw film. There were four other companies mentioned. None of them, however, are important.

The Eastman Co., in its statement before the Committee on Ways and Means of the House, dated February 10, 1921, claims that motion-picture raw film may be manufactured in some of the European countries for less than 1½ cents per linear foot. It is a well-known fact, to anyone familiar with the motion-picture business, that the money expended for labor is the smallest item in the manufacturing cost of raw film. The process is almost entirely mechanical. The cost of raw material is the important factor. We believe it to be undisputed that the raw materials which enter into the manufacture of sensitized film are more easily obtainable and cheaper in this country than elsewhere. From the Eastman Co.'s figures it is not difficult to ascertain how that corporation was able in 1920 to earn, after the payment of war-excess profits and income taxes, over $18,000,000 on a capital of $25,000,000

The Eastman Co. has an actual monopoly of the motion-picture raw film business in this country. It can not be denied that this company has exclusive control of the supply of this commodity, for in United States *v.* Eastman Kodak Co., et al. (226 Fed., 62), the court held that the Eastman Co. intended to and did secure to itself a monopoly in violation of the Sherman Antitrust Act.

We have gone somewhat into detail with regard to the position of the Eastman Co., because the said company and Mr. Brulatour, its distributing agent in the United States, were the principal advocates of a 20 per cent duty on raw film before the Committee on Ways and Means of the House. It is not surprising that the Eastman Co. and Mr. Brulatour are the chief pleaders of this cause, for they alone would reap a bounteous harvest of dollars as a result of the imposition of a tariff on raw stock.

Pathé is owned and operated by American citizens with American capital. It is one of the largest and most efficient agencies for the distribution of motion pictures throughout the United States. This company is perhaps best known by its biweekly film review of current events known as Pathé News. It was the first company to use motion pictures as a vehicle for the transmission of news. Pathé serves weekly about 13,000 of the 17,000 motion-picture theaters in the United States. An important factor in its complicated and efficient distributing service is the printing of positive films. The printing is done in its two factories, one at Bound Brook, N. J., and the other at Jersey City, N. J. Pathé is a large consumer of raw film, using in its news service alone more than 500,000 feet weekly. This company is one of the customers of the Eastman Co. At present Pathé has some protection against further advances in the price of Eastman film. This protection lies in its ability to import raw stock from France. During the year 1920 Pathé imported some 63,033,843 feet of film out of a total, according to Mr. Brulatour, of 100,000,000 feet imported during that year. In that same period Pathé purchased from the Eastman Co. approximately 25,000,000 feet of raw film at a cost of nearly $650,000. The Eastman Co. is well aware of Pathé's ability to purchase raw film abroad and is unwilling by asking a price such as would force Pathé to increase its foreign purchases, to so lose any part of the patronage of Pathé which it enjoys or looks forward to enjoying in the future. It is obvious that the Eastman Co. can not increase its price to its other customers without increasing the price to Pathé. Hence the probability that extortionate prices would materially increase the amount of imported film is, at the present time, the best, if not the only, safeguard remaining to the American consumers of Eastman film. If the Congress impose a duty on raw film, it will abandon Pathé and other American producers of moving pictures entirely to the mercy of the Eastman Co. The placing of such unrestricted power in the hands of this mighty corporation would cause incalculable damage to the many business enterprises dependent upon raw film for their very existence. We fear the result would be well-nigh a cataclysm in the motion-picture industry. Thus, if the so-called protection yearned for by this admitted monopoly should be given to it, the Congress would be a party to an attack on other American undertakings which are in greater need of governmental encouragement than the gigantic organization, which seeks, in the guise of a demand for protection, the fortification of its present monopoly.

BRIEF OF THE ARGUMENT.

1. The object of a tariff on any commodity is either to raise revenue for the Government; to protect the American industry affected thereby, or to retaliate against a foreign nation for cause, as, for example, when some foreign nation restrains, by high duties or prohibitions, the importation of our manufactures into their country.

2. The Federal revenue would not be increased if this duty is imposed on raw film, because the Government would collect less income and excess profits taxes from Pathé and other American producers.

3. So far as the Eastman Co. is concerned, the question of the protection of labor is not involved in this matter for the reason that only a few hundred persons are regularly engaged in the work of manufacturing raw film throughout the entire country.

4. The raw materials which enter into the manufacture of sensitized film are more easily obtainable and cheaper in this country than abroad.

5. The Eastman Co. has a practical monopoly of the entire raw film industry in the United States.

6. A tariff should not be imposed upon a commodity where one corporation has a monopoly of the industry.

Point I.—The object of a tariff on any commodity is either to raise revenue for the Government; to protect the American industry affected thereby, or to retaliate against a foreign nation for cause, as, for example, when some foreign nation restrains by high duties or prohibitions the importation of our manufactures into their country.

The proposition above set forth is a matter of common knowledge. Yet it is necessary to keep this elementary principle in mind in order to determine whether or not a given commodity should be on the free list. A concise statement of the principle is found in the New International Encyclopædia (second edition), volume 21, at page 849, under the heading "Tariff." We quote therefrom:

"A tariff may be levied upon foreign goods (1) simply as a means of augmenting the revenues of a government, in which case it is a form of taxation (see Tax, free trade); or (2) as a means of retaliating upon foreign governments for similar restrictions imposed by them, in which case it becomes an instrument of warfare serving a temporary purpose and designed in the end to secure commercial reciprocity; or (3) as a means of fostering artificially particular industries by protecting them wholly or in part against foreign competition."

Point II.—The Federal revenue would not be increased if this duty is imposed on raw film, because the Government would collect less income and excess profits taxes from Pathé and other American producers.

The placing of a duty on raw film would be a crushing blow to the motion-picture industry in general. True it is that one giant corporation would make larger profits, but the producers, exhibitors, and the theater-going public would suffer in the end.

Back of the great motion-picture industry is the little celluloid film. Without that film or an equivalent substance motion pictures could not be produced, and it is not too much to say that there is not one branch of the entire industry that does not depend upon this little ribbon for its existence.

The colossal financial structure upon which the various branches of the motion-picture industry has been built would soon crumble into ruins if the raw motion-picture film were not procurable. Hundreds of millions of dollars invested in theater properties; equally enormous sums of money invested in studios and equipment; the thousands of persons employed, and the vast manufacturing enterprises devoted to the developing of film and the manufacture of appliances and accessories used in the production, projection, and exhibition of motion pictures would, without that essential film, entirely disappear. It is not difficult to observe the motive actuating the Eastman Co. in advocating a tax on the importation of raw film. With the source of supply of this indispensable substance placed in its hands it could, to paraphrase Shakespeare, bestride the moving-picture world like a colossus. What, then, would happen? It is quite conceivable that with prices raised all along the line in the industry, many small enterprises might perish. For example, if the price of admission for some smaller theaters should be necessarily increased, its patrons might curtail their indulgence in this form of amusement. Especially would this be true in the poorer sections of our great cities where the many small moving-picture theaters provide amusement for people to whom every additional 5 cents means much.

There would be a consequent falling off in attendance at the motion-picture theaters; the demand for photoplays and other forms of the motion picture would wane. The inevitable result would be a very large decrease in the amount of taxes paid to the Government by the industry and its patrons. Without taking into account the income and excess profits taxes, the United States Government has received in taxes from the motion-picture industry the sum of about $87,000,000 for the year ending

June 30, 1920. Contrasted with this huge amount of money is the comparatively small sum of $500,000 which would be collected as duty on 100,000,000 feet of imported film, which is a fair estimate of the quantity expected to be imported in the course of a year.

The Federal revenue from the motion-picture industry would not only be diminished, but it would be placed in jeopardy. The Eastman Co. alone would be encouraged and a portion of the people's money would be handed over to it to do with as it pleases. It is strange that the executive officers of the Eastman Co. do not realize that the erecting of this proposed tariff barrier on imported film would result disastrously to the industry as a whole and that the Eastman Co. would suffer in the end. A tariff on raw film might be compared with a double-edged sword—the harder one grips the blade the deeper it cuts.

Point III.—So far as the Eastman Co. is concerned, the question of the protection of labor is not involved in this matter for the reason that only a few hundred persons are regularly engaged in the work of manufacturing raw film throughout the entire country.

The manufacture of raw film is almost entirely a mechanical process and very little labor is required in connection therewith. Exact statistics as to the number of employees on this work in the Eastman factory are not available, but judging from conditions in factories abroad we do not believe that more than a few hundred persons are regularly employed in producing sensitized film throughout the entire country. There is, consequently, no labor question involved in the present proposed duty, unless it be on our side of the controversy. We have already shown the probable results of the proposed tariff on the industry in general. With business depression comes unemployment and want. Not merely hundreds of employees would be affected, but literally thousands. A vast army of technical and camera men, projection machine operators, electricians, carpenters, and innumerable other artisans, is needed to make it possible for the actors and actresses to provide entertainment for the multitudes. Their positions are in danger.

On December 6, 1921, the President of the United States in his message to the Congress stressed the necessity for protecting American labor and the people of this Nation will be grateful for the administration's solicitude for the welfare of the masses. The following extracts from the President's message show how eager the administration is to provide employment for American labor. Of course, it goes without saying that the President meant what we offer as a qualification to the first extract quoted below, to wit: "In a proper case."

"* * * It is needed to stabilize our industry at home; it is essential to make more definite our trade relations abroad. More, it is vital to the preservation of many of our own industries which contribute so notably to the very lifeblood of our Nation. * * * We can not go far wrong when we base our tariffs on the policy of preserving the productive activities which enhance employment and add to our national prosperity. * * * We seek to undermine for others no industry by which they subsist; *we are obligated to permit the undermining of none of our own which make for employment and maintain activities.* * * * Our unemployment, which gave us deep concern only a few weeks ago, has grown encouragingly less and new assurances and renewed confidence will attend the congressional declaration that American industry will be held secure. * * * But a people unemployed and gaunt with hunger, face a situation quite as disheartening as war, and our greater obligation to-day is to do the Government's part toward resuming productivity and promoting fortunate and remunerative employment." (Italic ours.)

We invoke the President's message to protect the great motion-picture industry from the ruinous cupidity and inordinate desires of the raw-film monopoly which exists in this country.

We turn now to another phase of this peril. In volume 18 of the New International Encyclopedia (second edition), at page 559, we read the following:

"The United States is the world's largest manufacturer of motion-picture films; the exports in 1914 amounted to 188,049,654 feet, of which 32,690,144 feet had been exposed and 155,359,550 was unexposed and intended for use in photographic work in other parts of the world. The value of the motion-picture films exported in 1914 was $6,547,646."

In the very recent work entitled "America and the Balance Sheet of Europe," by John F. Bass and Harold G. Moulton, published in December, 1921, we find at page 339 the following dramatic statement:

"What a tragedy it is that most leading Governments of the world are seeking simultaneously to expand exports by granting special monopolistic privileges and to reduce imports through restrictive tariff legislation. Millions of people are already paying in unemployment and starvation the penalty of this stupidity."

Irrespective of the question as to whether the above statement is sound as applied to the tariff question generally, we feel that it is peculiarly applicable to this situation. Pathé and many other producers of moving pictures export much of their finished product. Evidently if the tariff is placed on raw film the cost of motion pictures will be increased and it will become that much more difficult for American producing firms to compete with foreign-made photoplays in foreign markets. Should the American companies be unable to compete, it would naturally follow that their output would have to be curtailed, resulting in the throwing out of employment of many thousands of people.

Alas, the motion-picture industry faces an even more disquieting danger in regard to its export business. The raising of an artificial barrier on raw film would inevitably be followed by retaliatory action in other countries. Once the movement to tax American films was well under way, foreign competitors would clamor for a tax not only on raw film but on the finished product as well. Public agitation abroad might well continue until motion pictures and motion picture photoplays were made dutiable upon entry into the countries affected by the American restrictive measure. This is no figment of the imagination conceived in a timid brain, for in a cable, dated on or about July 16, 1921, from the British Producers, signed by A. C. Bromhead, lieutenant colonel, addressed to the President of the United States, we read the following:

"This association would deeply deplore any artificial barriers raised in either country, as, owing to the existence of British film manufacturers being seriously threatened, proposed American action would inevitably be followed by a tariff in this country for which public agitation is now arising."

The British appeal was directed against a tariff on the finished product, but this no doubt is due to their greater interest in keeping the American market open for British motion pictures. However, the same processes of reasoning that would induce a nation to use the tariff weapon against another nation, because of the latter's act in placing a tariff on the finished product, would induce the offended nation to employ the same instrument of commercial warfare to retaliate against a tariff on the raw product.

In the issue of August 2, 1921, of Wid's Daily, otherwise designated as "The Bradstreet of Filmdom," we read in the first right-hand column on the front page the following:

"Danger of heavy retaliatory tariffs by foreign governments on American films, both raw and finished products, is seen by Frank A. Garbutt, representing the Famous Players-Lasky and other producing companies."

The maintenance of the supremacy of America in the motion-picture export business is a matter of prime importance. A tariff which would constitute a menace to the said export business would be intolerable.

Point IV.—The raw materials which enter into the manufacture of sensitized film are more easily obtainable and cheaper in this country than abroad.

The base of raw film is celluloid, an American product. Two-thirds of the cost of manufacturing sensitized film is expended for celluloid. The latter product is exported by American manufacturers to a very large extent to foreign countries, coated there with the sensitizing emulsion, and returned to this country as a finished product. (See statement of Paul H. Cromelin, president of the Inter Ocean Film Corporation, and communication from Louis Destenay, vice president of the Gevaert Co. of America (Inc.), in printed report, Tariff Information, 1921, hearings before the Committee on Ways and Means, House of Representatives, on Schedule N, February 12, 1921, print No. 33, page 3635, particularly 3637.) It is also shown in said statement that the labor entering into the manufacture of raw film is the smallest item of expense.

We are justified in saying not only that the raw materials are more easily obtainable and cheaper in this country than abroad, but we may even assert that the sensitized Eastman film may be procured in any quarter of the globe with less difficulty than any other make, for in a book copyrighted in 1920 entitled "A Condensed Course in Motion Picture Photography," by the New York Institute of Photography, with special chapters by Charles Wilbur Hoffman and by research specialists of the research laboratories of the Eastman Co., we read at page 135 the following:

"One thing the beginner will do well to bear in mind. He should adopt some particular brand of film and cling to it after he has become acquainted with its emulsion, speed, composition, and peculiar characteristics. *There are three or four different makes upon the market, but it is preferable to select a film which is easily obtainable at any time and in any part of the world.* It is strongly urged that the beginner select the Eastman stock for this if for no other reason. The Eastman organization has its *tentacles* spread throughout the world. It has thousands of agencies in immediate touch with the different national companies. The result is that this film can be procured without difficulty in nearly all parts of the globe. If a local dealer does

not stock it, he can procure it to order within a day or two. Moreover, the film will be new and in perfect condition." (Italic ours.)

Point V.—The Eastman Co. has a practical monopoly of the entire raw film industry in the United States.

The Eastman Co. manufactures practically all of the raw stock in the United States. This is shown by the statement of the Eastman Co. signed by Mr. Eastman, president, sworn to on the 31st day of January, 1921, and appearing in Tariff Information, 1921, hearings before the Committee on Ways and Means, House of Representatives, on schedule N, February 10, 1921, print No. 31, pages 3187 et seq., in which Mr. Eastman swears to the following:

"In the year 1920 the Eastman Kodak Co.'s sales of motion-picture film in the United States was over six times as large as they were in 1910.

"In the year 1920 the Eastman Kodak Co.'s output of motion picture film was over 800,000,000 linear feet. * * *

"The Eastman Kodak Co., having practically created the business, has maintained its lead solely by reason of the high quality and uniformity of its products.

"The field was open to competition and *motion-picture film has not been manufactured to any considerable extent in the United States by others simply because others have been unable to make a competing film.* * * *" (Italic ours.)

The quantity of motion-picture film consumed in the United States during 1920 was about equivalent to the output of the Eastman Company.

The report of the earnings of the Eastman Company, published in the New York Globe on May 20, 1921, follows:

EASTMAN KODAK.

"The Eastman Kodak Co's annual report for the year ended December 31, 1920, shows net profits after Federal taxes of $18,566,211, equivalent after preferred dividends to $92.53 a share earned on the $19,764,600 common stock. This compares with net profits of $18,326,188, or $91.78 a share on the $19,503,400 outstanding stock in the previous year.

"The income account for the year 1920 compares as follows:

	1920	1919
Net profits	$18,566,211	$18,326,188
Preferred dividends	369,942	369,942
Common dividends	7,865,840	7,819,110
Surplus (after Federal taxes)	10,330,429	10,137,136

If the Eastman Co. should succeed in its effort to have a duty placed upon imported raw stock, its practical monopoly would become absolute and would justify the anti-protectionists' criticism that a protective tariff may be the genesis of a trust. The trust springs from an improper application of protectionist doctrines as naturally as fruit from the blossom. Obviously the control of a market by a combination or trust is facilitated where the field of competition is artificially limited to one country, since it is easier to combine the producers of one country than those of all countries, and to that extent all must concede that the tariff may be abused.

It is almost proper to take judicial notice of the fact that the Eastman Co. is a monopoly. In the motion picture trade it is an universally known fact. Take, for example, the attitude of the Motion Picture Theater Owners of America. This association sent a copy of an editorial captioned "No Man is Fit to be Made Czar Over Motion Pictures" that appeared in the New York American July 22, 1921, to all the members of Congress. The editorial reads as follows:

This newspaper is for protection for industry and labor, but not for monopoly.

The Fordney bill, as reported, takes from the free list and puts a duty of 30 per cent ad valorem upon raw film, the basis of moving pictures.

Such a duty could have but one effect, which we will trace.

About 90 per cent of the raw film used in the United States is produced by a single company.

In 1920 that company earned net profits, after Federal texas, of eighteen and a half million dollars, nearly 92 per cent on its capitalization.

If next year it can add 30 per cent to the price of its raw film, of which it produced 800,000,000 linear feet in 1920, its profits, already great, will be staggering.

The company does not need tariff protection of its film monopoly. It is already prosperous beyond the dreams of avarice.

But American film developers do need protection against the monopoly.

They should be allowed to buy raw stock where they can get the best product at the fairest price, for that would encourage better pictures, add to the pleasure and instruction of millions of people and increase prosperity among the many workers in the film developing industry.

It would put the monopoly on its mettle, proving that competition is a good aid to efficiency.

"No man, no small group of men, should be in a position to control the motion-picture industry of America.

"The motion picture has become a social force of the first importance. Only by keeping open its door of opportunity to all can it be secured against the abuses which autocratic control always develops.

"*But if the monopoly of the raw film production is confirmed by a 30 per cent ad valorem tariff, a single company will have the motion-picture industry by the throat.*

"The head of this one company is an able business man who has been well rewarded for his valuable contributions to society. He does not need, and it would be unwise to put in his hands, absolute power over American motion pictures.

"We think these are sufficient reasons why raw film should remain on the free list." (Italic ours.)

It is a significant fact that out of the hundreds of producing units in the United States and from other persons and corporations engaged in the film laboratory business. not one voice has been raised in favor of the proposed tariff on raw motion picture film These comppanies represent a combined capital of hundreds of millions of dollars

Point VI.—A tariff should not be imposed upon a commodity where one corporation has a monopoly of the industry.

Various arguments for protection have been urged at different times in the industrial development of a country. In the United States much stress has been put upon the necessity of encouraging infant industries. Hamilton, in his famous "Report on Manufactures" (1791), suggested the infant industries argument. In Volume II of the Cyclopedia of American Government, at page 55, under the heading "Protection to Young Industries," it is said:

"The strongest economic argument is that for protection to young or nascent industries. Its essence is that advantageous industries are not necessarily resorted to without some sort of public stimulus. The patent system rests on analogous reasoning; men are stimulated to find new ways of production by being granted a temporary privilege, restricting their competitors. Lack of experience, the risks of experiment, uncertainty as to the extent of natural resources, the inevitable weakness of beginners as compared with those long engaged in an industry—circumstances of this kind may prevent an industry from being carried on in a country, even though the permanent conditions be favorable and even though in the end it may prove able to maintain itself unaided. * * * *The protectionists have hesitated in applying the phrase 'young industries' to the giant establishments of modern times.*" (Italic ours.)

From the above, it will be seen that the original idea was that, when an industry was just starting and required support, the Government ought to protect that industry. Now the advocates of the proposed tariff on raw film in effect say, that the Government ought to suckle this six-foot, bearded "infant," because foreign competition threatens to take a small piece of the cake. The raw film industry in the United States has thriven to gigantic size, but like the Corsican, it will not be content.

Prof. Charles J. Bullock of Harvard University, in his book entitled "The Elements of Economics," says at page 253:

"Only when the domestic cost of production falls to the level of the foreign can the tax upon consumers come to an end. *At that time, the duty is no longer needed to sustain the industry, and it should be promptly repealed in order to remove a powerful incentive for the formation of a monopoly.* If this point is ever reached, the infant industry becomes able to stand upon its own feet, and the labor and capital invested in it can no longer be considered unprofitably employed; but up to this time every industry that requires protection is supported at the expense of the community and received alms in the form of an addition to the price that consumers must pay." (Italic ours.)

In the book by Prof. F. W. Taussig entitled "Free Trade, the Tariff, and Reciprocity," published in 1920, the author sets forth his position on the tariff problem in the following language at page 147:

"I would not have the reader infer that I am an unqualified free trader, or that this view of the tariff problem leads immediately, or even ultimately, to complete abolition of all except revenue duties. The case in favor of free trade has indeed always seemed to me prima facie strong; and prolonged investigation and reflection have served to confirm me in this opinion. But it is only a prima facie case. There may be offsetting advantages which rebut the presumption."

On page 143 Prof. Taussig says:

"All the world knows, however, that combination and monopoly, though they are not in possession of the entire field of industry, have secured control of large sections of it; no doubt tempered more or less by potential or actual competition, but still with such degree of success that more than competitive profits are secured. *Where this is the case tariff duties may bolster up the profits, by shutting out at least the foreign competitors.* Then the protective system really serves to rob Peter in order to enrich Paul; whereas under competitive conditions it only robs Peter in order to sustain Paul in an unsuitable industry. *If the duties more than offset Paul's costs of production (assuming these costs to be in fact higher), they give a chance for a monopoly squeeze.* Now, whether they do so, inquiries on the facts of the particular case may make clear. The vogue of the 'true' principle of protection is unquestionably promoted by a widespread feeling that duties are *more* than enough for equalization, and that they enable the trusts to secure more than reasonable profits. The suspicion is doubtless well founded in many cases; how far so, systematic inquiry alone can bring out." (Italic ours.)

Taking as a basis the annual domestic consumption of 800,000,000 feet of film, an increase in the price of but half a cent per foot would amount to $4,000,000, which would come out of the pockets of motion-picture theater patrons each year. From the amount gained in this manner, 90 per cent thereof would be paid into the treasury of the one company now controlling the supply of raw stock. Unless competition is allowed to decentralize the illegal monopoly, it would be perfectly possible for the Eastman Co. to increase the price of raw film, not by half a cent per foot, but by 1, 2, or 3 cents, or any other amount it might see fit to exact from its helpless customers.

An analogous situation would be presented if the supply of newsprint paper in the United States were controlled by one individual or one corporation. Let us assume that every newspaper publisher, every printer, lithographer, bookbinder, and magazine publisher in the United States had to depend upon the whim or caprice of that one individual for his supply of this essential material for the manufacture of his product. Let us further assume that the source of supply available from foreign markets were cut off or stifled by the imposition of the tariff. We would than have the situation of the motion-picture industry in the United States if the proposed duty be placed on motion-picture film.

The Eastman Co. has within the last two or three months announced the purchase of the G. M., the Sen-Jacq, and the Paragon Laboratories, formerly independently owned, and subsequently acquired by Mr. Brulatour, the Eastman Co.'s distributing agent in the United States. It is estimated by persons familiar with film laboratory poduction that the three laboratories above named have a combined capacity which is more than sufficient to print all of the motion-picture film used in the United States. The Eastman Co. is, therefore, in a position where it not only is able, but undoubtedly intends, to enlarge its present monopoly so as to include not only the control of the raw-film market, but also the leadership in the manufacture of the finished product from the raw stock. With the formidable tariff weapon in its hands the Eastman Co. could effectually suppress all competition from outside laboratories and render worthless laboratory plants and investments worth millions of dollars.

We will point out specifically some of the methods that could be adopted by the Eastman Co. to stifle and eliminate competition. Controlling the supply, the Eastman Co. could—

1. Either refuse to sell raw film to one or more of the independent laboratories; or
2. Continue to supply the independent laboratories with film at the present price; and, at the same time, offer to manufacture printed film at a price considerably under the present market rate; or
3. It could increase the price of raw film to the independent laboratories and at the same time offer to the consumers printed film at the present market price; or
4. By failing to make prompt deliveries to independent laboratories; by harassing the said laboratories in any one of a dozen different ways, cause the service rendered by such independent laboratories to fall below the present standard, with the result that patrons would take their business elsewhere.

It may fairly be taken for granted that in any one of the above cases the Eastman Co.'s representative would spare no effort to secure the future business of the dissatisfied patrons of any of the present independent laboratories.

CONCLUSION.

The foregoing sufficiently demonstrates that there is no question of the protection of American labor in the proposed import duty on motion-picture raw film, unless it be on our side of the controversy. There is very little labor employed in the process of manufacturing raw film. The Eastman Co. now enjoys a monopoly of the business.

The statement of its earnings for the last 18 years, during which time it has amassed a surplus of $68,000,000, is conclusive proof that the American raw film manufacturers do not need protection. The proposed tax would provide little, if any, increase in revenue to the Federal Government. The United States has collected directly in taxes from the motion-picture industry in this country, exclusive of income and excess-profits taxes, over $87,000,000 for the year ending June 30, 1920. Any increase in the cost of raw film would ultimately fall upon the patrons of the motion-picture theaters and such an increase at the present time would almost certainly result in a decreased attendance and a consequent falling off in the amount of taxes to be paid to the Government. Moreover the duty on raw film would, in the case of Pathe, result in a very large decrease in the amount of income and excess-profits taxes to be paid by that company and would probably have a like effect upon many other motion-picture concerns. In the case of Pathe, it has paid as income and excess-profits taxes from 1917 to February, 1921, over $1,000,000. On the other hand, what would be the amount collected if the proposed duty should be imposed on raw stock? On the basis of a yearly importation of 100,000,000 feet of film and at the present market price of 2½ cents per foot, the total revenue from this source would amount to only $500,000. It can readily be deduced that if the attendance at the motion-picture theaters were decreased even slightly, there would be a greater loss in revenue from the tax on admissions than any amount gained by taxing the importation of sensitized film.

The immediate results of a 20 per cent duty on raw film at this time would be—

1. The further strengthening of an existing monopoly.
2. The inflicting of great damage on other American concerns.
3. The increasing of prices for admission paid by millions of motion-picture patrons throughout the country.

The proposed 20 per cent ad valorem duty on motion-picture films sensitized but not exposed or developed, which is included in Schedule 14, paragraph 1451, of House bill 7456 should be stricken from the said bill.

STATEMENT OF P. A POWERS, REPRESENTING POWERS FILM PRODUCTS (INC.), NEW YORK, N. Y.

Mr. POWERS. I am one of the advocates for a duty on the sensitized film, Mr. Chairman. I have a short brief, and I do not want to take up much of the committee's time, but I am here on behalf of my company.

We organized our company in 1918, at which time there was only one concern manufacturing sensitized film.

I want to get the committee's mind clear as to the difference between sensitized film and motion-picture film, as treated by those who have discussed the matter here. I see the committee, or some of the members of the committee, are likely to confuse the two.

The sensitized film, if you get your mind on it, is a container of motion pictures, and is manufactured to simply contain the motion-picture product; that is, the story and the action that is produced by the motion-picture men.

Senator SMOOT. Mr. Powers, let us get down to what you want. Do you want 20 per cent ad valorem, or do you want three-fourths cent per linear foot?

Mr. POWERS. I want three-fourths cent per linear foot, in accordance with Mr. Cole's brief.

Senator SMOOT. That is what you want?

Mr. POWERS. I will be satisfied with that.

If that is not satisfactory to the committee, I would ask the same duty on the sensitized film as there is on the raw materials composing the sensitized film. That is, celluloid and nitrate of silver, which are the raw materials we have to have to work with.

I have been listening to a lot talk about the Eastman Kodak Co. being a monopoly, but we went into business to compete with the

Eastman Kodak Co.,in 1918, when there was no film coming from Europe. We were able to compete with them, and I was able to undersell them in this country. We sold, in 1920, 50,000,000 feet of film. In 1921 the German stuff started to come in, and the result, we had to close our plant. We are now closed down almost tight. I still keep the nucleus of an organization going there, so that if we get relief from the committee we will be ready to start up again.

Senator WATSON. Let me ask you this question, please: You sold cheaper than the Eastman people in order to undersell. If you sold cheaper than they and undersold them, why could the German importations put you out of business without affecting them?

Mr. POWERS. I was a new manufacturer in the business, and in order to get the customer—the motion-picture trade—to use my material, I was compelled to quote a shade under the Eastman price. In other words, they were selling their goods at $2.52, and I was selling at $2.40. There is not very much difference—10 points on 100—but it enabled me to get into the market 50,000,000 feet in 1920.

Senator SMOOT. Mr. Powers, would you rather have 20 per cent ad valorem or the specific rate?

Mr. POWERS. The specific rate per foot; that is in accordance with the brief here.

Senator SMOOT. You say you have a brief which you want to file?

Mr. POWERS. Yes, sir.

Senator SMOOT. You may do that.

Mr. POWERS. I want to call your attention to the fact that since we have had to close down our plant I have been importing films from Germany in order to keep the organization together, in order to pay expenses, and I am bringing in film now, at about 90 cents per 100 feet, which cost me in 1920 $2.11 to manufacture.

Senator CURTIS. At 90 cents?

Mr. POWERS. At 90 cents per 100 feet, which cost me in 1920 $2.11 to manufacture.

Senator WATSON. What are the Eastman people selling theirs for now?

Mr. POWERS. They are selling theirs at $2.25.

Senator CURTIS. And yet they continue to increase their output, do they not?

Mr. POWERS. They are not increasing their output. They are reducing their output at the present time. There were 28,000,000 feet raw material sensitized film came in here last month.

Senator WATSON. Are they decreasing the product because of foreign importations?

Mr. POWERS. They have had to reduce their price and output because they can not compete. The only thing that stopped more material from coming in here was the fact that the Germans are sending all that they can possibly produce at the present time. At the present time I am importing 250,000 to 500,000 feet a week; that is all I can get. The German manufacturers promise me next July 5,000,000 feet a week.

Senator WATSON. Is there any difference in the quality of the product that you make and that they make?

Mr. POWERS. None at all.

Senator McLEAN. Are the Eastman people importing?

Mr. POWERS. Now?

Senator McLEAN. Yes.

Mr. POWERS. No, sir.

Senator WATSON. When you sold at a lower price than they sold, did you make any money?

Mr. POWERS. I made a little bit of money; yes, sir.

Senator McLEAN. Are there any independent concerns?

Mr. POWERS. Yes, sir. There is the Bay State Co. and the Eagle Rock Co.

Senator SMOOT. They are not doing anything, are they?

Mr. POWERS. The Eagle Rock people have closed down completely. I have had to close down practically. I am simply keeping a small organization there in order to be started up when we get relief, if we get any.

Senator JONES. At what price are you selling the imported film?

Mr. POWERS. $1.75. I am selling to the user; that is, the motion-picture man. It costs me about 2 cents to make it now.

Senator SMOOT. And the cost to you to import is 90 cents?

Mr. POWERS. It costs me 90 cents; yes, sir. That depends, however, upon the mark quotations.

Senator SMOOT. Is that the positive or the negative?

Mr. POWERS. That is the positive. The negative, however, is the same price.

Senator SMOOT. Then why do you want a different rate of duty?

Mr. POWERS. There is little negative film used here outside of that used by the Eastman Kodak Co.

Senator SMOOT. Then, you would rather have three-quarters of a cent straight on both, would you not?

Mr. POWERS. Yes, sir; that would be better.

Senator JONES. Would you make a better profit if you began to produce or continued to import?

Mr. POWERS. It depends on conditions. They can really put me out of business. They can control the price of the product to me. They will raise the price of the product as soon as they have gained control of the market here. At the present time they are offering it for almost nothing.

Senator JONES. You are making practically 100 per cent now, are you not?

Mr. POWERS. On the amount I can get; yes, sir. In the meantime, my plant is out of business.

Senator JONES. Then, why are you not better off making a profit on the importations?

Mr. POWERS. Temporarily they will be able to get me that film. Before the war they charged me $1.90 for the importation of the same film.

Senator JONES. Well, it cost you $2.11 to make it, did it not?

Mr. POWERS. Yes; it cost me $2.11 to make it. Still, I prefer to manufacture the film in this country. If I am protected against the competition of the German film, it can be offered now at $1.70, and I can keep my plant going and my organization going, and I can also keep American labor at work.

I am well satisfied to compete with the American manufacturers, whether they are called a monopoly or whatever they may be.

I think I could keep my business up in spite of the Eastman Kodak Co. It has been said by some that the Eastman Kodak people caused them to close down. The Eastman Kodak Co. did not close me up. They may have closed the other fellows up, but they did not close me up. I am quite willing to go along on that proposition. To-day I can manufacture the product at 2 cents. In 1920 it cost me 2.11. I can still sell as cheap as the Eastman people. They can manufacture cheaper than I can, because they manufacture their own raw materials. Eventually, however, I hope to get to the point where I can manufacture as cheaply as they do.

Senator SMOOT. If they can get films from Germany at 90 cents, taking into consideration the three-quarters cent that you speak of, that would be $1.65. How are you going to sell then as against $2.40?

Mr. POWERS. I beg your pardon. I did not quite catch that.

Senator SMOOT. How are you going to sell with the price at $2.40 if the cost of importation, with three-quarters of a cent a foot, is $1.65?

Mr. POWERS. The American price is $2.25. It was $2.40. I was selling at $2.40 in 1920. The Eastman Kodak Co. has reduced the price in order to offset this competition in some way. At the present time I can make it at 2 cents.

If there are any questions that any of the members of the committee would like to ask me, I shall be glad to answer them, because I am quite familiar with the motion-picture business, as I am at the stock end of it.

Senator MCCUMBER. We are much obliged to you.

BRIEF OF P. A. POWERS, REPRESENTING POWERS FILM PRODUCTS (INC.), NEW YORK, N. Y.

Moving-picture films sensitized but not exposed or developed: Act of 1909, 25 per cent ad valorem; act of October 3, 1913, free list; Fordney bill, July 22, 1921, 20 per cent ad valorem.

The following statement is respectfully submitted to the Committee on Finance, United States Senate, to call their attention to the particularly unfavorable position in which the present and proposed tariff schedules place our company and other manufacturers of sentitized moving-picture film in this country.

WHY THIS CONDITION DID NOT EXIST BEFORE.

A brief history of the industry in the United States is, perhaps necessary to give a clear conception of why we find ourselves confronted with this situation.

For many years the Eastman Kodak Co. were the sole manufacturers of sensitized moving-picture film in the United States, enjoying a virtual monopoly. Prior to the act of October 3, 1913, this product carried a duty of 25 per cent ad valorem, which, with normal foreign exchange rates prevailing, was nore than ample to offset the low wage scale which might obtain in any foreign country that essayed competition. The act of October 3, 1913, placed sensitized moving-picture film on the free list, but with the stable economic conditions existing at that time the business of the Eastman Kodak Co. was not seriously threatened abroad. The fact that sensitized film was placed on the free list in this act was primarily due to a mistaken idea that it was a raw material, arising out of the nomenclature applied to it. Sensitized film is popularly known in the moving-picture industry as "raw stock." This is a misnomer, for the product is in every respect a highly finished article. With the opening of the World War there was no further need for protection, as importations ceased.

In the early part of 1918 the Powers Film Products (Inc.) came into existence and found that it could successfully compete for business. The Bay State Film Co., of Sharon, Mass., followed us into this industry, and later the Ansco Co., of Binghampton, N. Y., took up the manufacture of sensitized moving-picture film. The Eagle Rock

Co., of Verona, N. J., was also engaged in this industry until forced to retire by the influx of foreign film.

During 1920 the importation of foreign film into this country (especially from Germany) was resumed with rapidly increasing volume, until during the year 1921 the quantities became so enormous as to assume "dumping" proportions. With the advantage of heavily shrunken rates of exchange, coupled with free entry into this country, it was hopeless for us to compete with the foreign manufacturers, so we were forced to close our plant and discharge over 150 employees. The Eagle Rock Co. also closed their plant at about the same time and have not resumed operations up to this time.

The Eastman Kodak Co. and the Ansco Co. manufacture their own raw material, and do not sell to competitors. Surprising data on the comparative cost to the Powers Film Products (Inc.) of producing sensitized moving-picture film in the United States and importing it from Germany are contained in the paragraphs at the end of this brief entitled "Comparative costs of American and German products."

COMPONENT MATERIALS OF SENSITIZED MOVING-PICTURE FILM.

Sensitized moving-picture film, as imported into this country, consists of polished sheet celluloid coated with an emulsion composed of silver nitrate and gelatin. It is identical with the film produced by American manufacturers. (Exhibit A, on file with the committee, has attached samples of American and German films and a piece of uncoated celluloid base).

In the Fordney bill these component materials of sensitized film are scheduled for the following rates of duty:

Silver nitrate (a salt of the element silver), paragraph 5, 25 per cent ad valorem.

Gelatin, paragraph 39, 25 per cent ad valorem.

Celluloid (polished and in sheets), paragraph 29, 25 per cent ad valorem and 65 cents per pound.

The above materials coming in as a finished product in the form of sensitized moving-picture film and recommended in the same bill, under paragraph 1451, for a duty of but 20 per cent ad valorem.

The dimensions in which celluloid is used in film are internationally standard at 1¾ inches wide and five one-thousandths of an inch thick. The total weight of 1,000 feet of finished sensitized moving-picture film is 5 pounds 4 ounces. The quantities of the component materials contained in this amount of sensitized film are as follows: Celluloid, 4 pounds 8 ounces; silver nitrate, 4.5 ounces; gelatin, 6.5 ounces.

RATE RECOMMENDED FOR SENSITIZED MOVING-PICTURE FILM.

The above average proposed duty on the component materials of sensitized film is 25 per cent ad valorem, plus 65 cents per pound for celluloid. As used in sensitized moving-picture film, celluloid must necessarily be of the highest quality, in polished sheets 400 feet long, and absolutely free from imperfections of any kind. It undergoes no change in the process of manufacturing sensitized film, but is simply the base on which the sensitive emulsion is coated. From the above it is obvious that celluloid constitutes the component material of chief value of sensitized moving-picture film. This evidence is on its face sufficient to support the plea that the finished product be given a higher rate than its component raw materials, i. e., sensitized moving-picture film should be made dutiable at the rate of 30 per cent ad valorem and 65 cents per pound.

That this is not excessive and will not prevent the further importation of foreign film is conclusively proved under the heading "Comparative costs of American and German products." It will merely serve to place the American manufacturer of sensitized moving-picture film on a more equal footing to compete with the foreign manufacturers and at the same time produce revenue for the United States Government.

THE AMERICAN INDUSTRY JEOPARDIZED.

All the rates on its component materials remaining as recommended in the Fordney bill, unless sensitized moving-picture film is changed to 30 per cent ad valorem and 65 cents per pound the difficult position in which we will find ourselves must be apparent to the members of your committee.

We would be shut off from purchasing our raw materials abroad, while being forced to pay prices for them here adjusted to the highest point consistent with the margin of protection given them. Therefore, in addition to their overwhelming economic advantages, foreign manufacturers could not only obtain their materials cheaper but

would enjoy the further advantage of a low rate of duty on the finished film. The fact that the tariff act of October 3, 1913, at present in force, imposes a duty of 40 per cent ad valorem on celluloid while retaining sensitized moving-picture film on the free list has been instrumental in forcing us to close our plant by preventing us from purchasing the celluloid from Germany at a figure in proportion to the price at which they were selling finished film here.

Failing the granting of the rate of 30 per cent ad valorem and 65 cents per pound for sensitized moving-picture film, if your committee will give celluloid, gelatin, and silver nitrate a lower or even the same rate as recommended for this product in the Fordney bill—namely, 20 per cent ad valorem—it would be a more equitable adjustment and would give us a chance to meet the foreign competition. Under this plan the Government would be opening up a very profitable source of revenue, for under the present high rates there is practically no celluloid base being imported into the United States.

Further, if sensitized moving-picture film is to remain on the free list, its component materials—celluloid, silver nitrate, and gelatin—must be similarly treated.

COMPARATIVE COST OF AMERICAN AND GERMAN PRODUCTS.

At the time of closing our plant in April, 1921, it was costing us $2.12 per 100 feet to produce sensitized film in Rochester, N. Y., with American materials. Foreign film was pouring into this counrty free of duty and being widely sold at $1.25 per 100 feet. The celluloid base alone was costing us more than this figure.

Imports of unexposed sensitized film into this country, according to Government records, have been as follows: Year ending June 30, 1919, 21,201,874 feet; 1920, 46,-485,434 feet; 1921, 134,118,621 feet. It is now coming in at the rate of approximately 1,000,000 feet per day.

In June, 1921, a local importer, representing a German manufacturer of sensitized moving-picture film, approached the Powers Film Products (Inc.) and offered to sell us film delivered in New York at 1.01 marks per foot. We later accepted the offer and gave them several large orders. The first delivery was made in September, but in November large quantities began to arrive.

Exhibits B, C, and D are certified copies of invoices dated September 23, November 7, and November 17, rendered and paid at 1.01 marks per foot on these shipments.

Exhibits E, F, and G are certified copies of receipts of the Omnia Import Corporation, showing mark payments made by the Powers Film Products (Inc.).

From the attached exhibits it can be seen that unexposed sensitized moving-picture film could be purchased from Germany at prices ranging from 36 cents to 94 cents per 100 feet. Contrast this to our actual cost of manufacturing this product—over $2 per 100 feet, without any allowance for selling expense or return on invested capital. In addition this same German manufacturer has promised us that by July, 1922, he can make deliveries of 5,000,000 feet per week.

The foregoing should be ample evidence to guide your committee in adjusting the tariff schedules so that this particular industry may continue to exist.

EXHIBIT B.

NEW YORK, *September 23, 1921.*

Powers Film Products (Inc.), 1600 Broadway, New York City, to Omnia Import Corporation, 261 Broadway.

Terms: Net cash. Your order June 28, 1921.

K. F. C. 3148/54.

7 cases containing positive-moving picture film stock, not perforated, 249,490 feet, at marks 1.01 ..... Marks 251,984.90

EXHIBIT C.

NEW YORK, *November 7, 1921.*

Powers Film Products (Inc.), 1600 Broadway, New York City, to Omnia Import Corporation, 261 Broadway.

Terms: Net cash. Your order June 28, 1921.

K. F. C. 3166/3172.

7 cases containing positive moving-picture film stock, not perforated, 233,075 feet, at marks 1.01 ..... Marks 235,405.75

EXHIBIT D.

NEW YORK, *November 17, 1921.*

Powers Film Products (Inc.), 1600 Broadway, New York City, to Omnia Import Corporation, 261 Broadway.

K. F. C. 3174/83.

10 cases containing positive moving-picture film stock, not perforated, 318,386 feet, at marks 1.01 ..... Marks 321,567.86

EXHIBIT E.

NEW YORK, N. Y., *October 29, 1921.*

Marks 225,000.

Received of Powers Film Products (Inc.), 225,000 marks.

OMNIA IMPORT CORPORATION.
Per LESTER L. SANKS.

EXHIBIT F.

NEW YORK, N. Y., *November 23, 1921.*

Marks 600,000.

Received of Powers Film Products (Inc.), check, 600,000 marks, to apply on account.

OMNIA IMPORT CORPORATION.
Per ELIZABETH KEATING.

EXHIBIT G.

NEW YORK, N. Y., *December 16, 1921.*

Marks 300,000.

Received of Powers Film Products (Inc.), 1600 Broadway, 300,000 marks.

OMNIA IMPORT CORPORATION.
Per ELIZABETH M. KEATING.

SUPPLEMENTAL BRIEF.

FILM SENSITIZED BUT NOT EXPOSED OR DEVELOPED.

I had the honor to appear before the Finance Committee on December 27 in connection with the hearings on schedule 14, paragraph 1451, sensitized motion-picture film.

My remarks to the committee were very brief, as I felt my time was limited, and, consequently, did not go into details. The opponents of a tariff on the above product were all represented by high-priced attorneys, and these gentlemen were given, or took, considerable time in making speeches against the levying of a duty on sensitized motion-picture films. None of the people who spoke against the tariff were interested in the manufacture of these products, their only interest being that of importers and users in securing cheap German goods regardless of the consequences to the American industry.

While listening to the arguments of the opponents to the tariff, I was astounded at the misstatements and colored evidence which were given to the committee, and felt that some protection should be given to them by these paid advocates. Your committee is authorized to pass upon certain conditions which exist. They are not in a position to ascertain the truth of any statements made to them, with the result that the paid attorney is naturally more impressive than the business man in his arguments before your committee.

During the hearings a great deal was said about the monopoly of the Eastman Kodak Co. in this particular industry, overlooking the fact that by admitting this material duty free, as it is at present, they grant to a very powerful German monopoly the exclusive right to sell goods in this country and deprive American manufacturers of an opportunity to continue in business.

The Powers Film Products entered into this business with the full knowledge of what they had to contend with in this country as far as the Eastman Kodak Co. was concerned. We realized that we had to break into the market, and we did so to the extent that in 1920 we coated and marketed approximately 55,000,000 feet of cinematograph film. The Bay State Film Co., as well as the Eagle Rock Manufacturing Co., also started in competition with the Eastman Kodak Co. All of these concerns,

including our own, have of late been practically at a standstill, not due to the Eastman Kodak competition, but to the German competition.

German manufacturers are able to deliver sensitized film into this country for less than half of what it costs the American manufacturer to produce it. During this year they have practically forced us out of the market and have made very great inroads onto the market of the Eastman Kodak Co. It is only a question of time before they will be in a position to deliver sufficient film into this country to make it impossible for even the Eastman Kodak Co. to exist.

In my previous brief I have touched upon matters that are very vital and which should guide your committee in a fair consideration of this question. I have shown the price of German goods delivered into this country as compared with the cost of manufacturing them here.

The Bay State Film Co. also filed a brief in which they asked that a duty of three-fourths of a cent per foot on positive films be imposed and 1¼ cents per foot on negative films, or 35 per cent ad valorem (American valuation) on moving-picture film, sensitized but not exposed or developed. While the first alternative they suggest is somewhat different from the method of levying a duty recommended in my brief, it amounts to approximately the same thing, namely, to place the same duty on the finished product as is levied on the raw materials entering into the manufacture of that particular product.

MOVING PICTURES EXPOSED AND DEVELOPED FOR EXHIBITION PURPOSES.

I would also like to bring to your attention the colored and misleading evidence presented to your committee by the paid attorneys of the opponents of a duty on moving pictures for exhibition purposes. Sensitized moving-picture film might be regarded as the container for moving pictures.

The writer has had 15 years' experience in the moving-picture industry and would point out to your committee that the advocates of the free entry of moving pictures who appeared before you represented men who are now producing pictures in Germany. They are closing up the American studios in order to transfer the production of pictures to Europe, with its cheap labor and low production costs. The fact that they are closing the American studios was admitted by Mr. Saul Rogers, attorney for the so-called American producers. As these same "American producers" control to a great extent the exhibiting of pictures, it is only natural that they should wish to secure the pictures as cheap as possible, without regard to the effect it will have on American labor, American actors, and American artists. These latter were represented at the hearings by Mr. Paul M. Turner and Mr. John Emerson.

Mr. Emerson is an independent American producer who makes his livelihood from that work. It was a noticeable fact that everyone who appeared to advocate a tariff on sensitized film, as well as moving pictures, were practical men in the business operating on their own money, while on the other side the advocates of free trade were represented by high-priced attorneys, who claimed to represent the entire moving-picture industry, but who, in reality, represented a combination of associated interests. Mr. Rogers claimed that in his request for the admission of moving pictures free of duty he represented the following concerns: Famous Players-Laskey Corporation, Realart Pictures Corporation, Metro Pictures Corporation, Metro Distributing Corporation, International News Service,[1] Cosmopolitan Productions (Inc.).[1]

The above concerns are all controlled by Mr. Adoph Zukor, president of the Famous Players-Laskey Corporation, which concern in turn controls a vast number of the largest theaters in the United States. Among others in New York, they control the Rialto, Rivoli, Criterion, Empire, and all the Loew circuits.

The foregoing combinations have imported the greatest number of German pictures during the past two years, and have accumulated in this country a large number of pictures as yet unreleased, which were obtained at ridiculously low prices. When exhibited to the American public, these pictures take in millions of dollars. They are brought into the country at a nominal duty based on the length of the film on which they are printed, which is no criterion of their value. As stated before, the film is simply the container of the picture and has nothing whatever to do with the value or merits of the production.

Others represented by Attorney Rogers were Mr. Lewis J. Selznick's company, the Select Pictures Corporation, and Mr. Carl Laemmle's company, the Universal Film Manufacturing Co.

[1] Owned and controlled by William Randolph Hearst, who is associated with Mr. Zukor in the distribution of his productions through the Paramount distributing organization.

All of these gentlemen are very much interested at the present time in German production. In a short time their principal business will be importing pictures from abroad, whether they make them there themselves or engage European companies for that purpose. The money received from the exploitation of these pictures will be returned to Europe for the continuous making of others, less what they can hold back on profiteering as between the cost of foreign productions and American productions. Thus, they will be enabled to drive out of business any independent American producer who makes his pictures on American soil, with American actors and American labor.

Among the attorneys advocating free trade on moving pictures, and representing the Pathe Co., was Mr. Coudert, of Coudert Bros. This gentleman claimed to represent the American company, who also wished no import duty levied on unexposed sensitized moving-picture film. This American company was organized by Mr. Pathe, who owns and controls the French company of the same name. This company manufactures sensitized moving-picture film in France, and the American company has a contract with them for the use of this French film. At the present time the French company is shipping to the American company many millions of feet of sensitized film per month. The customhouse records will bear me out in this. Mr. Coudert's remarks before your committee gave the impression that his only interest was in protecting this American company, who were not manufacturing sensitized film in this country, but who, nevertheless, were importing it from the parent company in France.

STATEMENT OF WILLIAM A. DEFORD, NEW YORK CITY, REPRESENTING INTERNATIONAL FILM SERVICE CO. (INC.).

Mr. DEFORD. I represent the opposition to the proposed duty on films. I should like to be heard for a few moments in order to drive home the arguments. I should like very much to be heard, especially since I am the only one who has filed anything like a substantial brief in opposition to this duty on raw stock. I should like to be heard in connection with that brief.

Senator SMOOT. Very well; we will hear you.

Mr. DEFORD. I do not want to be in the position of being heard if nothing can be gained by it. Of course, I do not want to force myself upon you.

I represent the International Film Service Co. (Inc.), and the International Newsreel Corporation. Both of these corporations are opposed to the proposed ad valorem duty on sensitized but unexposed and undeveloped film, which is commonly known in the trade as raw stock.

We are opposed to the imposition of a duty for reasons which I am going to state in the form of a general proposition first and then try to establish my proposition. I shall do it as rapidly as I can.

The first reason for opposition to this schedule is that the production of that commodity is in the hands of the Eastman Kodak Co., which has a practical monopoly of that business, and having that practical monopoly is in a position to control the business and to fix the price of the commodity as it passes through to consumption. That is the first proposition.

The second proposition is that the Eastman Co., enjoying that absolute monopoly, has the power to fix such prices as it pleases, and it has fixed profiteers' prices, or exorbitant prices, and, allowing for the difference in wages abroad and here, the Eastman Co. should not be granted protection against foreign competition, which is largely speculative at this time, until that foreign competition clearly becomes a menace to domestic production, or when it clearly threatens (as shown by statistical proofs) to reduce the profits of the domestic

producer below a return which will enable him to maintain the American wage scale and earn a reasonable profit on his investment.

The next proposition is that if this monopoly is permitted to rest with the Eastman Co., buttressed by the proposed tariff, the Eastman Co. will have the industry in its grip, because it will control the basic product. If it seeks to exercise its power, it can practically control the laboratory development, and through the laboratory development, the production, and through the production the distribution of motion pictures in the United States, and the motion picture business, as you all know, is a gigantic industry in this country at this time.

One of the two corporations which I represent here is a producer of the completed picture; the other is a producer and exhibitor of the newsreel film.

If the Eastman Co. is permitted to retain this monopoly, which will be buttressed by this tariff, then it will be able, it if sees fit, to go into the laboratory business, and if it goes into the laboratory business it can sell its own film products to each of the laboratories which it builds for that purpose at any price it pleases, either by a series of rebates or discriminatory practices. Having done that, it can do exactly as it pleases with the laboratory business and impose such additional costs upon the production of motion pictures as it sees fit to impose.

If it lowers the price of films to its own companies, its own laboratories, then its own laboratories can furnish the positive print, which consists of the basic material itself, and the cost of its development, to the trade at a much lower rate than any competing laboratory can, with the result that the independent concern or laboratory would be quickly driven out of business. That is the sort of power that they will gain, in the first instance, and they have exercised it heretofore in such a way as to gain an absolute control of the business. The laboratory people, if the power to control the film cost and the power to control development remains in the hands of the Eastman Co., will impose an additional cost, and the Eastman Co., controlling the laboratory business, will impose such additional cost upon the completed picture as it may see fit to impose.

I think there is no dispute here but that the Eastman Kodak Co. has, since 1912, practically controlled the entire industry in this country. They have sold and are now selling about 900,000,000 linear feet of that film per year as against two or three million put out by their alleged competitors. They have never had any real competitors in the industry in this country, as I understand it. My understanding is, further, that the film put out by the Bay State Co. and by two or three other companies has been of such quality that they could not begin to compete with the Eastman Co.

The Eastman Co. puts out about 100,000,000 linear feet per month, sometimes more. The Bay State Co., one of its alleged competitors, puts out about 1,200,000 per month, while the Powers Co. also puts out about 1,200,000 linear feet per month. Those figures show just exactly the domestic competition that the Eastman Co. has been up against.

The foreign competition, on the other hand, has been practically negligible up to this time. Of course, since 1920 the Germans have begun to export film to this country. In fact, since that date they have imported about 5,500,000 linear feet in 10 months.

That shows the grip that they have on this business, and it shows that they have been able to dominate it.

A reference to the financial statement issued by the Eastman Co. will show you to some extent at least the profits that they have realized from this business as well as from the other businesses that they carry on. An examination of their books will probably show that they have made an enormous profit out of their sales of raw film stock. That profit is so enormous as to justify my statement that they have charged what they please, and they are pleased to charge as much as the market will stand.

I want to show you how they have exercised their control over the laboratories.

The Allied Film Laboratories (Inc.), representing an association of independent laboratories in this country, appeared before the House committee by counsel and opposed the imposition of the schedule. They opposed it both by briefs and oral argument, and after their opposition they went back to New York and evidently saw more light. It seems that the Eastman Co. had purchased one or two of the operating companies, and they simply said to these men, "If you continue your opposition to this tariff; if you fight us on our raw schedule proposition, we will put you out of business," and they could put them out of business. They could do that by going into the laboratory business, as I have previously stated. They could then sell the film to their own laboratories upon a preferential basis. So the Allied Laboratories that appeared by counsel in opposition to this schedule had a meeting with the Eastman Co., the result of which was that they entered into a contract with the Eastman Co., the contract being to this effect: The Eastman Co. was to go out of the laboratory business; that is to say, they would allow their two or three plants to remain idle in consideration of the fact—it was stated in another way in the contract—but those plants were to remain idle in consideration of an agreement on the part of the Allied Laboratories not to oppose this proposed tariff upon the raw stock. That agreement was consummated. I can say this, for I know it to be the truth, that they hated that agreement when they entered into it and they hate it now. However, they had to choose between being forced out of business and agreeing to buy their materials from the Eastman Co. and also to no longer oppose this duty upon raw stock. If this committee wants a complete demonstration of the power that the Eastman Co. will have when buttressed by this tariff, it has it right there. They said to those people, "If you oppose this tariff any longer, we will crush you; we will put you out of business, because we will go into the laboratory business ourselves and we will sell to them so low that you can not possibly compete with us." So they were afraid to come here and oppose this tariff because their own economic life would be threatened.

Is it possible that the Republican Party, or the majority party here, is going to lay down a policy in applying its theory of a protective tariff, which I do not want for a moment to challenge, after considering the cost of labor abroad and the cost of labor here, of protecting and buttressing such a monopoly as this is—a monopoly that is absolutely regnant in business here? Is it going to give additional power to that monopoly before it has been demonstrated to the majority party and to this committee that it needs the benefit

of a protective tariff, and that a protective tariff should be levied upon this imported raw stock in order to protect the labor that the Eastman Co. employs? By the way, do you know how many people they employ—this company in whose name this protective tariff is asked? They employ about five hundred. This company which has dominated the domestic market and which, since 1913, has dominated the foreign market in so far as it had access to the foreign market, employs only four or five hundred men.

Now, what is my proposition in a nutshell? I want to state it in this way: We want to take this control of the industry out of the hands of this monopoly; we want this committee not to impose any tariff duty upon the raw stock until competition has been invited in here and until it has been determined that the Eastman Co. can not beat that competition and undersell it. If this foreign stock is brought in here, what will the natural result of the importation be? The result will be to compel the Eastman Co. to squeeze the element of extortion out of its prices and bring its prices down to a level that will enable it to pay American laborers a fair scale of wages, and still meet that competition, and make a fair return on their investment.

If the time should come when they shall have to reduce the price so low that they can not afford to pay the American workingman what he deserves for his labor, then the Eastman Co. should come before this committee and make a demonstration of what it costs to produce that film, make a demonstration that will convince this committee that it ought to have the benefit of a protective tariff in order to meet that foreign competition. When it does that, and naturally not until it does that, should this imposition be levied upon the raw stock imported from foreign countries.

I do not say for a moment that the protective tariff builds up a monopoly, but I do say this, that the protective tariff principle should not be invoked for the benefit of an absolute monopoly until that monopoly has demonstrated its right to the protection it asks, as tested by the sound theory of the protective tariff principle.

It has been said here, "Well, if they are an absolute monopoly, why has not the matter been taken up with the Department of Justice?" I will tell you why. They have not violated the law. Years ago when they controlled this material as they do now, what did they do? They entered into a combination with producers, and under their contract they were to sell to these producers, and these producers only; and that is another proof of my statement that if you give them this power you practically give them all the power they need to control the motion-picture industry. They entered, as I have said, into that combination with the producers, but that combination was dissolved because it was against the law. But there is no law against this at all. If they keep clear of conspiracy, if they avoid entering into a combination of the kind prohibited by the Sherman Act and the Clayton Act, they violate no statute, and the Department of Justice is helpless. So, unless these producers and these laboratory men can get protection through this committee, and unless natural economic laws, if I may use that term, are invoked to compel the Eastman Co. to reduce its prices by permitting competition on the raw stock, you can readily see what is going to happen to the motion-picture industry.

Senator DILLINGHAM. Whom do you represent?

Mr. DEFORD. The International Film Service Co. (Inc.) and the International Newsreel Co.

Senator DILLINGHAM. Are you connected with the corporations that made this agreement with the Eastman Co.?

Mr. DEFORD. No, sir. They were not in business at that time. This agreement between the laboratories and the Eastman Co. was made on September 20, 1921.

I say that the first combination itself was evidence of the power of the company. A court of law dissolved that because it was in violation of the law. As to the second combination, the agreement between the Eastman Co. and the laboratories, I say that is another evidence of their power.

Senator SMOOT. What do you want? Do you want it to come in free, or what do you want?

Mr. DEFORD. Free, free, free.

Senator SMOOT. Well, I just wanted to know.

Mr. DEFORD. I said that I was opposed to the schedule.

Senator SMOOT. Yes; but you might be opposed to it and then not want the product to come in free.

Mr. DEFORD. I am opposed to any duty at all upon that schedule.

Now, I want to call your attention to another thing. The Newsreel Corporation, which I represent, is a producer of what is called the topical news reel in this country. They photograph events of contemporaneous interest and put them on the news reel and distribute them rapidly throughout the country. There has to be almost instantaneous distribution in order to preserve the news value of the picture. This corporation buys foreign negatives and brings them into this country. Of course, those are not quite as new as others. They are hooked up with other photographs of domestic news events and are then sent out for distribution.

We are opposed, as producers of the domestic news reel, to levying a duty upon the completed foreign news reel, because we do not cover this field. When this negative comes in here we simply combine it with ours.

The law provides for an appraisal, but it is not practical. Of course, under the circumstances these pictures lose their news value.

I thank you very much.

PHOTOGRAPHIC FILMS.

[Paragraph 1451.]

STATEMENT OF DANIEL R. FORBES, ROCHESTER, N. Y., REPRESENTING THE SENECA CAMERA CO.

Mr. FORBES. Mr. Chairman and gentlemen, in behalf of the Seneca Camera Manufacturing Co., one of the four independent camera companies of this country, I wish to speak very briefly, and I will ask permission to present Mr. Townsend, the president of that company, if you want to ask about practical conditions of the trade.

I am speaking only as to roll films as used in the hand cameras, and am not interested in moving-picture films, either exposed or unexposed. The Seneca Camera Manufacturing Co. is one of the

four independent companies left in this country. The Eastman Kodak Co. controls about 90 per cent of the kodak and camera and camera supply industry of the country. The Seneca Camera Manufacturing Co. during the past seven years has built up an increasingly large sale for its cameras of its own manufacture.

Senator SMOOT. Are you not satisfied with 30 per cent ad valorem?

Mr. FORBES. No, sir; not with 30 per cent ad valorem on roll films. That would eliminate us from this industry.

Senator SMOOT. What do you want?

Mr. FORBES. We want duty free on hand-camera rolls—and please remember that they are to be distinguished from moving-picture rolls. From 1914 until 1919 we purchased our film rolls from the Eastman Kodak Co., through its subsidiary, the Defender Co. The Eastman Kodak Co. during a number of years has marketed some of its rolls under the trade-mark of the Defender Co. We secured these rolls from the Defender Co. at the regular jobber's discount of 30 and 10 per cent. That was the regular discount given to other jobbers at that time. We secured rolls on those terms until 1919, when the Defender Co. notified us that they would only give us a discount of 30 per cent without the extra 10 per cent. At the same time they have been giving their representatives 30 per cent discount and the additional discount, making it absolutely impossible for a jobber to buy films from them and send them out to the trade.

It is impossible to sell hand cameras without supplying the films. We do not manufacture films for several reasons. It is just as important for the hand-camera manufacturer to supply his trade with films as it would be for the safety-razor manufacturer to furnish blades to go with his safety razor. We have endeavored to buy our films direct from the Eastman Kodak Co., but they have refused to sell them to us. They gave the Defender Co., which was a subsidiary company, and, I believe, still is one, a discount of 40 per cent, 10 and 5, and yet the Defender Co. discriminates against us and will only give us the same dealer's discount that they give their retail trade, just as they discriminated against all of the jobbers in an attempt to put the jobbers out of business. I would like to read from a letter, showing the effect this has had on our business [reading]:

JUNE 14, 1920.

SENECA CAMERA MANUFACTURING CO., *Rochester, N. Y.*

GENTLEMEN: Several years ago after giving the matter careful and serious consideration we decided to add a new department to our business, namely photographic supplies. After carefully canvassing the market endeavoring to find the best lines to carry, we decided to take on exclusively your line of merchandise. This included not only your Seneca cameras, but we purchased from you for some time Vulcan films, made by the Eastman Co. for Defender Photo Supply Co. Later on we purchased these Defender films from the Defender Photo Supply Co. The length of time that we have been handling photo supplies we have worked up what we believe to be a wonderful business in this line of merchandise which has run up into the hundreds of thousands of dollars and bids fair to even increase further, or we might say did until a change in business policy of the Defender Co., with one fell swoop practically put us out of business, they, the Defender Co., taking our entire profit away from us and selling us only on the same terms as they do the smallest retailer, which of course means that we must cease handling this line of films or else endeavor to sell them at a higher price than they can be obtained for from the manufacturer.

The retailer will not pay us more for the goods than they can purchase them elsewhere, consequently we feel safe in saying that we will lose our entire business on films. This we consider a very serious matter, for we have taken considerable time and spent much money in introducing this line of merchandise to our customers, not

only very largely in the city of Detroit, but throughout the entire State of Michigan. going into the very smallest towns and villages and opening up new accounts in photo supplies.

We regret being compelled to write you this kind of a letter, intimating that we are apt to lose this entire business, but we feel that such is the case, providing either you or the Defender Co. are unable to supply us with films. Needless to say, we can not sell cameras unless we can deliver films. We exceedingly regret that the present situation is as it is, and sincerely hope that something may be done that will put us back in the same position that we were a short time ago, thus enabling us to carry on successfully this photo-supply business.

Sincerely, yours,

FARRAND, WILLIAMS & CLARK.
Per H. T. CARVER.

We make our own cameras, and the Eastman Kodak Co. control practically 90 per cent of the roll-film business. They have us practically at their mercy. We believe that this discrimination is illegal, but this is not the proper tribunal to present that question before. We believe this tariff will put us out of business. They have forced us to go to England to buy films, and I arranged with an English firm to sell us films. There has not been over $200,000 worth of roll films imported into this country in the last 12 months, that we know of.

Senator SMOOT. Do you still want 30 per cent on your photographic cameras?

Mr. FORBES. Yes, sir; naturally we want protection so far as cameras are concerned, and those parts which the Germans have generally manufactured.

Senator SMOOT. But you want to take the films out?

Mr. FORBES. We are not in the film business for profit. We have to have the films in order to sell our cameras. Here is what another jobber has faced, the Geer Drug Co. They sent this telegram to us [reading]:

CHARLESTON, S. C., *October 29, 1919.*

SENECA CAMERA MANUFACTURING CO., *Rochester, N. Y.:*

What customers we have made are rapidly putting in Eastman and Ansco camera lines due to our inability to supply films. If you can not fill our orders for film we will be forced to cut out Seneca lines. Answer.

THE GEER DRUG CO.

This effort on the part of the Eastman Kodak Co. to control the industry by asking for 30 per cent on films is not a new thing.

Senator WATSON. What has that got to do with the tariff, the fuss between two companies about their products? How does that relate to the tariff?

Mr. FORBES. It has a great relation to the tariff, because if a tariff of 30 per cent or any other tariff is put on roll films used by the consumer, the Eastman Co. will be the only manufacturer in the country to supply the public with hand cameras or kodaks. It has practically a monopoly now. If this committee wants to encourage this monopoly on hand cameras and kodaks they only need to put a duty on films, because the independent companies can not sell cameras unless they are able to supply films for their cameras, and we can not manufacture the films ourselves. There are only two companies in this country other than the Eastman Kodak Co. who manufacture roll films. We have attempted to buy films from one of those, but it has not the capacity to supply us, and the other company will not sell us at a price at which we can compete with the Eastman Kodak Co., and at a price which will permit us to do business.

Senator WATSON. You can buy abroad. There is no tariff.

Mr. FORBES. That is what we have been doing, and now that we have been able to establish our business in hand cameras and kodaks independently of the monopoly, and that is what the Eastman Kodak Co. is, they are now asking for 30 per cent duty on roll films.

Senator DILLINGHAM. What are you importing your films for now; what are you paying for them?

Mr. FORBES. Just about the same as we paid the Defender Co. The English films are expensive, because the celluloid they use is American celluloid, and it is sent over there to be sensitized and then brought back. There is no hope of our being able to undersell the Eastman or any other domestic company when we use English films. We do not expect to make a profit on the films, but we have to supply the roll films that go in our cameras; we must have the films or go out of business. We would prefer to buy from the Eastman Co., but they will not sell them to us.

Senator SMOOT. Under the rate we have to-day you can import them and sell in competition with them?

Mr. FORBES. Yes, sir. That is on the free list now, rolls for hand cameras.

Newspaper articles with regard to this schedule, I think, are rather confusing, and I hope the Senators will not confuse the matter. We have nothing whatever to do with moving-picture films, moving-picture negatives, either exposed or unexposed. The rolls that we use are the ones that people throughout the country are using in the little box cameras. It is one of the things that are before your committee to-day in which the public are directly interested, and we feel that we can not continue in business unless we have the opportunity to furnish films to our people.

Mr. Townsend is here, if you have any questions you wish to ask as to the industry I would be very glad to have him answer them.

Senator MCCUMBER. That will not be necessary.

BRIERWOOD PIPES.

[Paragraph 1452.]

STATEMENT OF LEOPOLD DEMUTH, REPRESENTING W. M. DEMUTH CO., NEW YORK CITY.

Mr. DEMUTH. Mr. Chairman and gentlemen, I am representing W. M. Demuth Co. I just wanted to register our approval of paragraph 1452 as it stands, and now I want to ask you to open paragraph 403, which is the raw material paragraph providing for 10 per cent, which has always before this present tariff been on the free list. It ought to be on the free list, as there is no substitute found in this country. I would like to file a brief within a couple of days.

Senator MCCUMBER. You may do that.

Mr. DEMUTH. Thank you very much.

(The brief referred to is as follows:)

We are manufacturers and importers of pipes and smokers' articles and have been in business since 1862, operating the largest pipe factory in this country.

We herewith respectfully submit our views regarding paragraph 1452 of the proposed act of 1921.

The wages paid in Europe in the pipe industry range from one-half to one-tenth of the scale paid to our workers here; therefore the protection offered in paragraph 1452, based upon American valuation, is essential for the life of our American manu-

facturing industry. We believe in the plan of American valuation because it seems to us by far the most equitable method. On the basis of European valuation the rate would have to vary from 60 to 200 per cent to offset the difference in the cost price between the European and the American made articles. The tariff rate proposed does not eradicate our many handicaps and difficulties; it merely reduces them. In addition to this enormous wage difference there are other vital factors to which we must call you attention.

Our raw material is brierwood, found only on European soil. The European manufacturer has a decided advantage, being in the proximity of the source of supply. Not only does he save on heavy transportation charges, but he is in the fortunate position of having a constant personal contact with the situation, and is able to carry on his business with far less raw-material stock. (An additional handicap is the duty which has been imposed on this raw material—proposed paragraph 403 and of which we speak in a separate brief.)

A further point of serious consequence is the fact that Europe is now considering this country as a "dumping ground" for its surplus stock of finished merchandise, and we fear that this condition will prevail indefinitely unless Congress will provide the necessary protection.

During the war the demand for fine-quality pipes has increased fivefold throughout the world. These first-quality pipes are made of brier bowls having no imperfections whatsoever, a quality which is limited to about 15 per cent of the entire production. This increasing demand was met by European manufacturers by calculating the cost of this 15 per cent to cover the cost of the entire 100 per cent. In other words, 85 per cent of the lower grades are in reality valued at nothing, and as the demand for them has not increased in the same proportion as the better merchandise a surplus stock has been created which is now being brought to this country at a price (including duty and transportation charges) less than 50 per cent of our cost.

It might well be asked why American manufacturers can not operate in the same way? Unfortunately for us, the buyer of a fine pipe usually insists upon a foreign-made article, the price being no object. We know of no way to counteract this apparent prejudice against the domestic product, and the output in this country of this class, therefore, remains very limited. In consequence, we must figure our bowls on the average basis, making it impossible for us to compete with merchandise coming from Europe, figured on the basis outlined above. We can not compete with the better pipe on account of the inexplicable favoritism shown the foreign-made article. The other grades (85 per cent of the output), which are considered a by-product in Europe, are our mainstay in this country.

You can picture the stone wall that is confronting us unless Congress will provide us with the needed weapons for self-defense.

In registering our approval of paragraph 1452 as it stands, we do so not because the provisions therein will eliminate the difficulties enumerated above but because of our hope that they will tend to limit them to a certain degree.

WHITE BLEACHED BEESWAX.

[Paragraph 1457.]

STATEMENT OF R. J. MAYER, PATERSON, N. J., REPRESENTING THE THEODOR LEONHARD WAX CO.

Mr. MAYER. I am going to say but a few words.

We are asking for a 20 per cent ad valorem duty on bleached white beeswax.

Senator SMOOT. Instead of 15?

Mr. MAYER. Yes.

Germany is delivering this material at an average price of 23 cents a pound. It costs us from 23 to 24 cents for the crude material before we actually touch it, so you can see for yourselves that we need this protection.

Here are some quotations and letters that I should like to have made a part of the record.

Senator MCCUMBER. Very well.

(The brief and letters are as follows:)

BRIEF OF THE E. A. BROMUND CO. AND THE THEODOR LEONHARD WAX CO.

I. As manufacturers of white bleached beeswax, we ask that a rate of duty be placed on our product higher than that put in the House bill. We ask a duty of either 20 per cent ad valorem on the American valuation or 30 per cent ad valorem on the foreign valuation, if the present system of assessing duties is retained.

The duty that is given in the House bill does not protect white bleached beeswax. The American product can not be made and put on the market for less than about 36 cents a pound. The foreign article costs abroad about 23 cents a pound. We ask a rate of duty that will protect us against this difference in industrial conditions.

II. We presented to the Ways and Means Committee reasons why white bleached beeswax should be taken from the free list and receive proper recognition as a product needing tariff protection. We proved to that committee that our product is a manufacture removed by a number of different processes from the crude beeswax, which is our raw material, and that it would be an injustice to consider both the crude and the bleached beeswax as the same.

The details of our process of manufacture appear in our brief presented to the Ways and Means Committee and will be found on pages 3517–3519, Part V, of the tariff hearings before that committee. We will not repeat such details at this time, but ask that the decision of the Ways and Means Committee as to this manufacture be approved by this committee, and white bleached beeswax be retained on the dutiable list.

III. We ask further that the rate as put in the House bill be increased so as to be really protective. The 15 per cent ad valorem on American valuation is not high enough to afford proper protection. The duty of 20 per cent ad valorem on American valuation, or 30 per cent ad valorem on foreign valuation, that we ask is based on the supposition that crude beeswax remains on the free list.

We assume that the crude article will be retained on the free list as such retention will in no way work injury to the American producer of crude beeswax, as the American supply of this article is used entirely by beekeepers for foundation purposes in bee culture and its products. If for any reason this committee decides to put a duty on crude beeswax, which is our raw material, it would be necessary to give the white bleached beeswax industry an additional compensatory duty.

IV. All of the particulars in regard to the use of our product, its development, and its competition are set forth in our brief before the Ways and Means Committee. And these facts and figures we will not take up your time by repeating.

We are asking for a duty that will enable us to meet foreign competition on even terms, and no more. We are only asking for the exact duty we need, and one that will keep alive a new and growing American industry, that will bring no injustice whatever to any American producer.

LISBON, *October 1, 1921.*

Messrs. E. A. BROMUND & CO., *New York:*

Invoice No. 888, to Araujo & Co.; the goods under referred, shipped on board the steamship *Albistan.*

E. B. 1/20—20 cases with guaranteed, pure, shredded, white beeswax: G. W., kilos, 1,310.7; tare, kilos, 294.7; N. W., kilos, 1,016=at pounds, 2,240, at 21/2 c.; dollars, $481.60.

Note of weights.

Nos.	G. W.	Tare.	N. W.	Nos.	G. W.	Tare.	N. W.
1	65.5	14.7	50.8	12	65.3	14.5	50.8
2	65.0	14.2	50.8	13	65.7	14.9	50.8
3	65.7	14.9	50.8	14	65.9	15.1	50.8
4	66.0	15.2	50.8	15	66.4	15.6	50.8
5	65.8	15.0	50.8	16	65.3	14.5	50.8
6	65.3	14.5	50.8	17	65.0	14.2	50.8
7	65.1	14.3	50.8	18	65.7	14.9	50.8
8	65.4	14.6	50.8	19	65.3	14.5	50.8
9	65.7	14.9	50.8	20	65.6	14.8	50.8
10	65.6	14.8	50.8				
11	65.4	14.6	50.8		1,310.7	294.7	1,016.0

No. 620. $481.60.

LISBON, *October 1, 1921.*

At sight pay our this only bill of exchange to the order of the Banco Nacional Agricola the sum of four hundred, eighty-one dollars, sixty centimes, value of our invoice No. 888 on the steamship *Albistan*, to Messrs. E. A. Bromund Co., 258 Broadway, New York.

ARAUJO & Co.

Pay to the order of Guaranty Trust Company of New York value on account. Lisbon, October 25, 1921. Pelo Banco Nacional Agricol.

Guaranty Trust Co. of N. Y. Coll. Dept. Nov. 16, 1921. Received payment.

The Guaranty Trust Co. of New York, hereby notifies all parties concerned that it is not responsible for the genuineness of the accompanying papers nor for the quantity, quality, or delivery of any goods represented therein.

LISBON, *October 21, 1921.*

Messrs. E. A. BROMUND & Co., *New York.*

DEAR SIRS: We confirm our letter of the 22d of last month. The shipment of the ton of wax, which you had the kindness to buy from us, was to be shipped on the steamship *Steel Engineer* and so we sent you the following cable: Steamer *Steel Engineer*. Which cable was devolved to us, as you will see by the document inclosed, declaring that your firm had not the address registered.

It was not possible to ship the merchandise in that steamer and therefore we cabled you again, saying:

BROMUND Co., *258 Broadway, New York.* Steamer *Albistan Frank.*

So we made the shipment in the steamer *Albistan*, as you will see by the copy of the invoice by which importance of $481.60, we debited your account, having you with the same sum, value of the draft at sight against documents, which in this time we remitted against your respectable firm, and for which we count upon your good reception.

Thinking that our merchandise will please you and and hoping that you will honor us with future orders, we beg to inform us, if the certificate of origin, which we drew at the consulate, is very necessary, or if we can do without it; it is not only very expensive but also very difficult to obtain.

Thanking very much for your order and for your kind informations, we remain, dear sirs,

Yours, faithfully, ARAUJO & Co.

DIAS, COSTA & COSTA, STEAMSHIP AGENTS—LISBON.

With liberty either before or after proceeding toward the port of discharge to proceed to, and stay at any ports or places whatsoever (although in a contrary direction to, or out of, or beyond, the route to the said port of discharge), once or oftener, in any order, backwards or forwards, for loading or discharging cargo or passengers, or for any purpose whatsoever, and all such ports, places, and sailings shall be deemed included within the intended voyage. This liberty is not to be considered as restricted by any words in this contract, whether written or printed.

Freight to be paid at Lisbon. Freight prepaid. Freight on 1,310 ks, at 45 per 1,000 ks. £2.18.11.

Bills of lading subject to all other clauses and conditions as issued by owners.

Attention of shippers is called to the act of Congress of 1851. Any person or persons shipping oil of vitrol, unslacked lime, inflammable matches, or gunpowder in ship or vessel taking cargo for divers persons on freight without delivering at the time of shipment, a note in writing expressing the nature or character of such merchandise, to the master, mate, or officer, or person in charge of the loading of the ship or vessel, shall forfeit to the United States $1.000.

The collector of the port is hereby authorized to grant a general order for discharge, immediately after the entry of the ship.

Received, in apparent good order and condition, from Araufo & Co., to be transported by the steamship *Albistan*, now lying at the port of Lisbon, and bound for New York (or so near thereto as she may safely get), failing shipment by said steamer, in an upon a following steamer via port or ports in any rotation, E. B. 1/20, 20 cases with beeswax. G. W. 1.310, F, being marked and numbered as per above, shipper's weight (quality, quantity, gauge, contents, weight, and value unknown), and to be delivered in like good order and condition at the port of New York unto E. A. Bromund & Co., or to his or their assigns, he or they paying freight, primage, and charges immediately on discharge of the goods, without any allowance of credit or discount on the gross intaken

or delivered weight or measurement as per margin, or as may otherwise result on verification of same at port of destination. Cost of weighing at the expense of the merchandise.

It is mutually agreed that the steamer shall have liberty to sail with or without pilots; that the carrier shall have liberty to convey goods in craft and/or lighters to and from the steamer at the risk of the owners of the goods; and in case the steamer shall put into a port of refuge, or be prevented from any cause from proceeding in the ordinary course of her voyage, to transship the goods to their destination by any other steamer; that the carrier shall not be liable for loss or damage occasioned by perils of the sea or other waters, by fire from any cause or whatsoever occurring; by barratry of the master or crew; by enemies, pirates, or robbers; by arrest or restraint of princes, rulers, or people, riots, strikes, or stoppage of labor; by explosion, bursting of boilers, breakage of shafts, or any latent defect in hull, machinery, or appurtenances, or unseaworthiness of the steamer, whether existing at time of shipment or at the beginning of the voyage, provided the owners have exercised due diligence to make the steamer seaworthy; by heating, frost, decay, putrefaction, rust, sweat, change of character; drainage, leakage, breakage, vermin, or by explosion of any of the goods whether shipped with or without disclosure of their nature, or any loss or damage arising from the nature of the goods or the insufficiency of packages; nor for inland damage; nor for the obliteration, errors, insufficiency or absence of marks, numbers, address, or description; nor for risk of craft, hulk, or transshipment; nor for any loss or damage caused by the prolongation of the voyage, and that the carrier shall not be concluded as to correctness of statements herein of quality, quantity, gauge, contents, weight, and value general average payable according to York-Antwerp rules. If the owner of the steamer shall have exercised due diligence to make said steamer in all respects seaworthy and properly manned, equipped, and supplied, it is hereby agreed that in case of danger, damage, or disaster resulting from fault or negligence of the pilot, master, or crew in the navigation or management of the steamer, or from latent or other defects, or unseaworthiness of the steamer, whether existing at the time of shipment or at the beginning of the voyage, but not discoverable by due diligence, the consignee or owners of the cargo shall not be exempted from liability for contribution in general average, or for any special charges incurred, but, with the shipowner, shall contribute in general average, and shall pay such special charges, as if such danger, damage, or disaster had not resulted from such fault, negligence, latent or other defects, or unseaworthiness.

It is also mutually agreed that this shipment is subject to all the terms and provisions of and all the exemptions from liability contained in the act of Congress of the United States, approved on the 13th day of February, 1893, and entitled "An act relating to the navigation of vessels, etc."

1. It is also mutually agreed that the value on each package receipted for as above does not exceed the sum of $100 unless otherwise stated herein, on which basis the rate of freight is adjusted.

2. Also, that the carrier shall not be liable for articles specified in section 4281 of the Revised Statutes of the United States, unless written notice of the true character and value thereof is given at the time of lading and entered in the bill of lading.

3. Also, that the shippers shall be liable for any loss or damage to steamer or cargo caused by inflammable, explosive, or dangerous goods, shipped without full disclosure of their nature, whether such shipper be principal or agent; and such goods may be thrown overboard or destroyed at any time without compensation.

4. Also, that the carrier shall have a lien on the goods for all freights, primages, and charges, and also for all fines or damages which the steamer or cargo may incur or suffer by reason of the illegal incorrect or insufficient marking, numbering, or addressing of packages or description of their contents.

5. Also, that in case the steamer shall be prevented from reaching her destination by quarantine, the carrier may discharge the goods into any depot or lazaretto, and such discharge shall be deemed a final delivery under this contract, and all the expenses thereby incurred on the goods, shall be a lien thereon. Any lighterage to reach port of discharge to be for account and risk of the cargo.

6. Also, that the steamer may commence discharging immediately on arrival and discharge continuously any custom of the port to the contrary notwithstanding, the collector of the port being hereby authorized to grant a general order for discharge immediately on arrival, and if the goods be not taken from the steamer by the consignee directly they come to hand in discharging the steamer, the master or steamer's agent to be at liberty to enter and land the goods, or put them into craft or stores at the owner's risk and expense, when the goods shall be deemed delivered and steamer's responsibility ended, but the steamer and carrier to have a lien on such goods until the payment of all costs and charges so incurred.

7. Also, that if on a sale of the goods at destination for freight and charges the proceeds fail to cover said freight and charges, the carrier shall be entitled to recover the difference from the shipper.

8. Also, that full freight is payable on damaged or unsound goods; but no freight is due on any increase in bulk or weight caused by the absorption of water during the voyage.

9. Also, that claims under this bill of lading must be made at port of discharge and that in the event of claims for short delivery when the steamer reaches her destination, the price shall be the market price at the port of destination on the day of the steamer's entry at the customhouse, less all charges saved.

10. Also, that merchandise on wharf awaiting shipment or delivery be at shipper's risk of loss or damage not happening through the fault or negligence of the owner, master, agent, or manager of the steamer, any custom of the port to the contrary notwithstanding.

11. Also, that this bill of lading, duly indorsed, be given up to the steamer's consignee in exchange for delivery order.

12. Also, that freight prepaid will not be returned on goods lost or not lost.

13. Also, that parcels for different consignees collected or made up in single packages addressed to one consignee, pay full freight on each parcel.

And finally, in accepting this bill of lading, the shipper, owner, and consignee of the goods and the holder of the bill of lading, agree to be bound by all of its stipulations and conditions, whether written or printed, as fully as if they were all signed by such shipper, owner, consignee, or holder.

In witness whereof, the master or agent of the said steamship hath affirmed to three bills of lading and three copies, all of this tenor and date, one of which being accomplished, the others to stand void.

Dated in Lisbon, October 11, 1921.

Attention is called to the following: Ship not responsible for slack or repaired bags, loss in weignt, or damage by sweat, nor for weak condition of bags, mats, or cases with potatoes, onions, wine, sardines, or any other goods, nor, in case of shipments of cases with sardines, for number of tins, nor for leakage.

Marks, numbers, quality, and weight unknown.

Steamer not responsible for chop marks.

EDUARDO RIBEIRO,
For the master,
POR DIAS, COSTA & COSTA.

[Cablegram.]

FL1277

LISBON 8, *October 12, 1921.*

BROMUND CO., *258 Broadway, New York.*

Steamer *Albston.*

FRANK.

[Cable offer.]

DECEMBER 10, 1921.

We have received from Zylstra Trading Co., by cable, the offer specified below, and we shall be glad to know that you can use the goods.

Prices are c. i. f. New York, by direct steamer or overland sellers' option, 7,000 pounds Chinese pure yellow beeswax at 35 cents per pound, c. i. f. New York.

Shipment by steamer during December-January from Shanghai.

Payment against four months' sight draft on approved bank or banker against confirmed credit.

We hope to receive your order for submission by cable while the goods are available.

Yours, truly,

HERBST BROS.

NEW YORK, *December 10, 1921.*

E. A. BROMUND CO.,
258 Broadway, New York, N. Y.

GENTLEMEN: Replying to your letter of the 9th instant, we can offer, subject to our confirmation, Chilean beeswax in lots of 2 to 5 tons, for prompt shipment from Chile, at 24 cents per pound ex dock New York.

Yours, very truly,

W. R. GRACE & CO.,
S. A. PILLAGRAUL,
Misc. Imports Dept.

NEW YORK, *October, 19, 1921.*

THEO. LEONHARD WAX CO., *Paterson, N. J.*

Fifty-four bags Chilean beeswax; gross, 8,286 pounds; tare, 270 pounds; net, 8,016 pounds, at 24 cents, $1,923.84.

Part contract of July 26, 1921.

Received payment October 31, 1921.

W. R. GRACE & CO.

NEW YORK, *December, 1, 1921.*

THEO. LEONHARD WAX CO., *Paterson, N. J.*

Fourteen bags Chilean beeswax; gross, 2,180 pounds; tare, 70 pounds; net, 2,110 pounds, at 24 cents, $506.40.

Contract July 26, 1921.

Received payment December 15, 1921.

W. R. GRACE & CO.

THERMOS BOTTLES.

[Paragraph 1454.]

BRIEF OF WILLIAM B. WALKER, NEW YORK, N. Y., REPRESENTING MANUFACTURERS OF THERMOS AND VACUUM BOTTLE PRODUCTS.

The manufacturers of thermos and vacuum bottle products in the United States ask to submit to your honorable committee, and through it to Congress, the following brief through Mr. William B. Walker, founder of the industry in the United States in the year 1907.

This information was secured during the last week of October and the entire month of November, 1921, through a personal visit and inspection of the thermos and vacuum plants in Germany.

In presenting for your consideration the comparative figures of productive costs between the plants in Germany and our plants in the United States, your committee should be first informed that the basis of calculation covering the German costs was secured by Mr. Walker in direct negotiations with German manufacturers for the purchase of their plants; the American costs submitted are based on the average figures of the American manufacturers.

We have selected for your consideration, both of American and German manufacture, the type of bottle commanding the largest sale in this country, presenting for your inspection a half-tone illustration (on file with the committee) of both the German and the American articles.

Comparison of production costs in Germany and the United States.

	German article.			American article.
	Marks.	*Pfg.*	*Cts.*	*Cents.*
Cost of glass cylinders or pistons	4		= 2.0	14.0
Joining glass cylinders to neck		20	= .1	.5
Silvering glass filler, including material		40	= .2	2.0
Evacuating air from vacuum container		20	= .1	.6
Joining glass cylinder to base and tubulating for exhaust		40	= .2	1.2
Asbestos packing in vacuum chamber, including material		20	= .1	.8
Gas, power, heat, and light		20	= .1	1.0
Breakage of glass in manufacturing process		40	= .2	6.0
Office, factory, overhead, common day labor, packers, paper cartons, etc.	2	20	= 1.1	15.5
Bonus to employees		40	= .2	5.0
Cost of metal case, cork corrugated paper linings between glass vacuum bottle and case, cork disk on strip of tin for bottom support of glass vacuum bottle between metal case cost of labor and material, including profits on parts purchased of other manufacturers, and assembling, including employees' bonus in metal department	9	80	= 4.9	35.0
Advertising of product				12.0
Excise tax				7.5
Internal-revenue tax				
Total	18	40	= 9.2	101.1

In the transposition of the above costs as figured in marks to the equivalent in United States currency, the value of the mark is figured on to-day's rate of exchange, which is approximately on the basis of one-half cent United States currency for each mark. Further, your attention is called to the fact that German prices are advanced or decreased as the exchange goes up or down.

Other types of vacuum products are produced in Germany on the same comparative basis, the German cost averaging slightly less than one-tenth of the American cost. German thermos and vacuum products are sold f. o. b. factory. The American manufacturers sell their products with freight prepaid to destination.

It will be interesting to your committee to know that the freight classification on thermos and vacuum products is fixed by American railways at double first class, and that the freight transportation on vacuum bottles from the Atlantic coast common to Pacific coast common points is in itself more than the total German cost of production of the same type of bottles used for this statement. Ocean freight charges from the port of Hamburg or Bremen, Germany, to American Atlantic coast ports of entry is less than one-fifth the rail charges from Atlantic coast points to Pacific coast points.

The presentation of the foregoing figures will no doubt challenge the credulity of your committee, as it did the American manufacturers in this industry, who refused to even admit the possibility of their correctness until receiving the information in September last that a German export company in Berlin, by name the Amstea Co., were exporting to the American Steel Export Co., of New York, extremely large quantities of glass vacuum, or thermostatic, containers and complete vacuum bottles of the type used for this statement on invoices of 7 marks each for the glass vacuum containers and 17 marks each for the complete vacuum bottles, our information being to the effect that the metal cases on these goods were of the full aluminum type. Upon inquiry, both in New York and in Germany, we were informed that the Amstea Co., in Berlin, were not manufacturers of vacuum products, but that they purchased these goods of German manufacturers.

You will further note that these bottles, after supposedly paying a manufacturer's profit to the German manufacturers as producers and the Amstea Co. as exporters, and after paying the present rate of tariff for entry into this country, are advertised for sale by the United Vacuum Bottle Stores (Inc.), after supposedly paying a profit to the importers, the American Steel Export Co., at 75 cents each, or more than 21 cents less than the American manufacturer's cost. (Copy of full-page advertisement of United Vacuum Bottle Stores (Inc.) on file with the committee.) We have had purchased at one of the stores of this corporation, at retail, complete bottles at 50 cents each, or 51 cents less than the American cost of production. We offer this advertisement and the other information as conclusive proof of the accuracy of the stated low cost of the German product.

Gentlemen of the Finance Committee, we have presented you the figures, and it is our opinion, based on the information we have secured in Germany, that possibly 70 per cent of the manufacturers of the United States must receive at the hands of Congress, and at the earliest possible moment, tariff protection on the basis of American valuation, or on the basis of specific and ad valorem rates a tariff equal to that of American valuation, in order to continue the operation of American factories.

We call the attention of the committee to the following German governmental rulings:

Maintaining the high home purchasing value of the mark is secured by Government edict, backed by public opinion.

Cost prices on the necessities of the wage earner—such as house rent, fuel, food, farm products, wearing apparel, etc.—are under Government supervision.

Cost on the requirements of labor-employing firms, individuals, and corporations—such as factory rent, transportation, fuel, light, power, home-produced raw materials—are subject to Government dictation and revision.

Exportation of raw materials are by the Government prohibitied, as are manufactured, agriculture, or food products needed at home.

In the case of a surplus of raw materials, the required export license may be secured by calling a conference between the Government export license committee and the accredited representatives of the industry affected, but in no case will an export license issue for the export of either raw materials or manufactured wares unless sold at prices at least 25 per cent higher than the home sales value. It would appear that the German law requiring its foreign customers to pay a minimum of 25 per cent more for its products than received for the same wares sold at home is a very efficient method of secruing the payment by the importing nations of the reparation payments.

The system of accounting in current use in Germany, and evidently approved by the Government, permits the inventorying of plants, machinery, etc., at as low a valuation as 1 mark, which may or may not account for the industries of Germany showing such great activity or the German statistics of unemployment evidencing the fact that there are less people unemployed in Germany to-day than at any other time in the history of the nation.

The present rates of duty as provided by the bill before the Committee on Finance summarize as follows:

Specific duty of 10 cents each on bottles of a capacity of 1 pint or less	$0.10
30 per cent ad valorem on American valuation (wholesale selling price), which valuation will be $1.10	.33
Total duty	.43
Duty as fixed by pending bill on foreign valuation instead of American valuation:	
Specific duty	.10
30 per cent ad valorem on German, or foreign, wholesale selling value, 17 cents	.05 1/10
Total duty	.15 1/10
Present pending bill on bottles of a capacity of more than 1 pint is fixed at a specific duty of 20 cents each	.20
30 per cent ad valorem on American valuation wholesale selling price, which will be $1.75	.52 1/2
Total duty	.72 1/2
Duty as fixed by pending bill on foreign valuation instead of American valuation:	
Specific duty, 20 cents each	.20
30 per cent ad valorem on German, or foreign, selling value 26 cents	.07 8/10
Total duty	.27 8/10

Requisite tariff required by the vacuum-bottle industry in the United States to prevent closing of United States plants, directly or indirectly involving the employment of approximately 5,000 people, if duty is to be based on foreign value, is as follows:

On all thermostatic containers having a capacity of 1 pint or less a specific duty of 33 cents each	$0.33
Plus 60 per cent ad valorem duty on German, or foreign, wholesale selling value 17 cents	.10 2/10
Total duty	.43 2/10
On all thermostatic containers having a capacity of more than 1 pint a specific duty of 57 cents	.57
And in addition thereto 60 per cent ad valorem on the German, or foreign, selling value 26 cents	.15 6/10
Total duty	.72 6/10

Anything less will be inadequate, and with favorable action on the part of Congress in the granting of the above tariff rates competition with German manufacturers will be sufficiently keen to obviate any necessity on the part of the American vacuum-bottle manufacturers to worry about the insignificant amount they will be compelled to pay as an internal-revenue profits tax during 1921, 1922, and 1923. We are informed that at this time the volume of German bottles warehoused in the United States runs into hundreds of thousands and that each steamer arriving from Germany adds to the accumulation.

In conclusion will state that if it is the desire of the Congress of the United States that the large majority of the American manufacturers continue the operation of their plants, adequate tariff protection should be provided at the earliest possible date.

(Indorsed by Manning, Bowman Co., Meriden, Conn.; Landers, Frary & Clark, New Britain, Conn.; Icy-Hot Bottle Co., Cincinnati, Ohio; American Thermos Bottle Co., New York, Norwich, Conn., Huntington, W. Va.; Vineland Flint Glass Works, Vineland, N. J.)

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